FINANCIAL TIMES

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WORLD NEWS

Juventus seek Rush for £3m

Liverpool and Wales footballer Ian Rush is to decide this weekend whether to join Italy's Juventus team in a £3m transfer deal.

The 24-year-old striker said he would tell Juventus on Monday but had not yet made up his mind. The clubs are believed to have already agreed terms which would make Rush Britain's most expensive player.

As Juventus already have the two foreign players allowed, Rush could be at Liverpool another year if he signs.

World Cup results: Brazil 1, Algeria 0; Hungary 2, Canada 0.

American peace hopes

Foreign Ministers of the Contadora Group began work on a new and more flexible timetable to complete a Central American peace treaty.

Angola attack goes on

Angola was pressing ahead with an offensive against the inland stronghold of Unita rebels as it assessed the damage inflicted by a South African attack on Namibe port. Back Page

Chernobyl monitoring

The Soviet Union is to monitor the future health of 100,000 people evacuated from the Chernobyl nuclear power plant area, a US doctor said. Page 2

Britons leave Sudan

Twenty-one Britons arrived in Kenya from south Sudan, part of an evacuation of non-essential British government staff in the wake of spreading rebel activity.

MP told to resign

Labour MP John Golding, new general secretary of the National Communications Union, was told to resign his seat by the union's policy-making conference. Back Page

Nurses in politics

The traditionally non-political Royal College of Nursing intends to campaign against the Government before the next general election. Page 7

Seamen may take cash

The National Union of Seamen looks likely to join the list of unions ready to take government money for ballots.

Marcos inquiry set up

The Philippines Supreme Court set up an inquiry into claims that ousted President Marcos put pressure on a court to clear men charged with murdering his opponent, Benigno Aquino.

Moscow sentence

A former Moscow city council accountant Alexander Klyachin was jailed for 13 years for accepting £25,000 in bribes to overlook corruption.

Doe pardons 'plotters'

Liberian leader Samuel Doe pardoned all prisoners held in connection with an attempted coup in November in which hundreds were reported to have been killed.

Waldheim likely to win

Dr Kurt Waldheim is expected to win tomorrow's Austrian presidential election in spite of allegations about his war record. Page 2

India 83 for one

India were 83 for one after two days of the first test at Lord's, in reply to England's 294 (Pringle 63).

Spiritual uplift

Buddhist priests blessed 200,000 used brassieres in a Tokyo temple memorial service for cast-off underwear, paid for by a lingerie manufacturer.

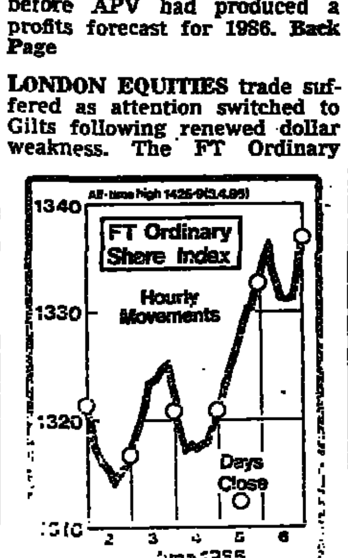
BUSINESS SUMMARY

Siebe lifts APV bid to £220m

SIEBE, the safety products and engineering company, increased its takeover bid for APV Holdings, the process engineer, by £38m to £220m in an attempt to clinch its battle for control.

Siebe took the unusual step of increasing its original offer and adding a cash alternative before APV had produced a profits forecast for 1986. Back Page

LONDON EQUITIES trade suffered as attention switched to Gilts following renewed dollar weakness. The FT Ordinary Share Index fluctuated between 1337.5 and 1330.6 before ending 4.3 up on the day at 1336.9 and 15.7 higher on the week. Page 14



EMS: timing of the Government's decision on full membership of the system could be influenced by the UK's six months' presidency beginning next month. Page 4

JORDAN is considering buying 40 Tornado fighters in a deal worth about £1bn to the British German and Italian consortium which builds the aircraft. Back Page

WOOLWORTH HOLDINGS, the store group fighting a £1.53bn takeover bid from Dixons, the electrical retailer, forecast that pre-tax profits would rise 30 per cent to at least £105.5m in the year to next February. Page 10

TI MACHINE Tools is closing its factory at Blaydon, near Newcastle, with the loss of 440 jobs. Page 5

NISSAN has increased its UK van sales by more than 50 per cent so far this year, helping registrations of imported commercial vehicles reach record levels. Page 4

BRITISH BANKS are at a disadvantage over their foreign rivals because of the Bank of England's regulatory approach to innovations in financial markets, NatWest's deputy chief executive said. Page 4

MGM ENTERTAINMENT assets valued at almost $500m (£332.23m) are to be sold to reduce the debts assumed earlier this year by Turner Broadcasting System when it completed its $1.5bn acquisition of MGM/UA Entertainment. Page 11

US CIVILIAN unemployment rose unexpectedly by 0.2 per cent to 7.3 per cent in May as jobs continued to be lost in the manufacturing and oil and gas industries. Page 3

ITALY is ready to negotiate an agreement with the US for Italian companies to participate in Star Wars research. Page 3

PESO fell 13 per cent against the dollar in two days this week, despite signs that Mexico may be close to an agreement in its long-running talks with the International Monetary Fund. Page 3

SWEDISH engineering industry agreement was reached hours before a strike and lockout which would have shut the most important sector. Page 2

BARCELONA dock workers joined a 10-day strike in protest against plans to partially privatise Spanish ports.

WEST GERMAN aerospace company Messerschmitt-Boelkow-Blohm signed an agreement with China to develop jointly a 60-85 seater aircraft.

MARKETS

DOLLAR	STERLING
New York lunchtime:	New York lunchtime $1.5035
DM 2.2305	London: $1.505 (1.496)
FFr 7.0975	DM 3.355 (3.345)
SFr 1.842	FFr 10.6775 (10.6625)
Y166	SFr 2.7675 (2.7575)
London:	Y252.25 (252.50)
DM 2.2285 (2.237)	Sterling index 75.6 (75.3)
FFr 7.095 (7.125)	LONDON MONEY
SFr 1.839 (1.844)	3-month interbank:
Y167.65 (168.85)	closing rate 9⅞% (9⅞)
Dollar index 116.6 (116.8)	NORTH SEA OIL
Tokyo close Y167.75	Brent 15-day June $12.05 ($12.075)
US LUNCHTIME RATES	STOCK INDICES
Fed Funds 6⅞%	FT Ord 1,336.9 (+4.3)
3-month Treasury Bills:	FT-A All Share 794.30 (+0.05%)
yield 6.54%	FT-SE 100 1,611.9 (−0.7)
Long Bond: 93⅛	FT-A long gilt yield index:
yield 7.79%	High coupon 9.17 (9.26)
GOLD	New York lunchtime:
New York Comex August latest $344.9	DJ Ind Av 1,879.31 (−0.13)
London: $341.75 (same)	Tokyo:
	Nikkei 16,817.91 (+6.92)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 9; France Fr 6.00; W Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c; Netherlands Fl 2.50; Norway NKr 8.00; Portugal Esc 30; Spain Pta 125; Sweden

Tory filibuster backfires and fails to silence Dalyell

THE GOVERNMENT was facing awkward questions from Conservative backbenchers yesterday after an attempt to block a Commons attack on the Prime Minister turned into a publicity coup for the Opposition, writes Kevin Brown.

The Government Whips organised a filibuster on procedural motions relating to the Channel Tunnel Bill which kept the Commons in session from 2.30 pm on Thursday until 9.47 am yesterday, wiping out the day's business.

The intention was to prevent debate on a motion tabled by Mr Tam Dalyell, the Labour MP for Linlithgow, which questioned the integrity of Mrs Margaret Thatcher on the Falklands War, Libya, and the Westland affair.

The filibuster was approved in advance by Mrs Thatcher who was said to believe it was unfair to keep Conservative MPs in the Commons all day on Friday to vote down what was essentially a censure motion.

Mr Dalyell outflanked the Government, however, by booking a Commons committee room, where he delivered his 64-page indictment of the Prime Minister in a 95-minute speech to an audience of Labour sympathisers, journalists and radio microphones.

He said the Prime Minister was a "contemptible human being" who had told "a pack of lies" about the Westland affair, and "lured" a law officer into a plot to discredit Mr Michael Heseltine, the former Defence Secretary.

Many Tory MPs were outraged both by the added publicity gained by Mr Dalyell, and by the use of the Whips' office to prevent discussion of a private member's motion.

A senior backbench MP, Mr Kenneth Warren (Hastings and Rye) said he had written to Mr Cranley Onslow, chairman of the 1922 Committee of Conservative backbenchers, demanding an explanation.

Mr Robert Rhodes James, MP for Cambridge, said every Tory MP he had spoken to was "absolutely outraged at the folly of it all," and Mr Anthony Nelson (Chichester) accused the Whips of setting a bad precedent.

The anger of many backbenchers was underlined by scores who ignored the three line whip for the Channel Tunnel debate during Thursday night and went home.

Mr Dalyell said he was "saddened" by the filibuster, which meant that no Government minister was required to answer his charges on the record.

Other Labour MPs accused the Government of trivialising parliament. Mr Ian Mikardo, the veteran Labour MP for Bow and Poplar, said voters would conclude that the debate had been blocked because the Prime Minister had something to hide.

The Government Whips' office under Mrs Thatcher's regime had become a branch of the "dirty tricks department" operated by Mr Bernard Ingham, the Prime Minister's press secretary, he said.

Mr Nigel Spearing, the Labour MP for Newham South, said the Prime Minister was "afraid of freedom of speech and afraid of a free parliament."

Mr Neil Kinnock, the Labour

Continued on Back Page

Printers vote against final Murdoch offer

BY PHILIP BASSETT, LABOUR EDITOR

THE THREE unions involved in a dispute with Mr Rupert Murdoch's News International *yesterday rejected the company's* offer of a settlement.

Ballot results showed that 63.5 per cent of those who voted in the three unions were against accepting the offer of £50m in compensation and the old Sunday Times printing plant in Gray's Inn Road.

The company made the offer in an attempt to settle the dispute that followed its sacking of more than 5,000 print workers who went on strike over News International's move to a new plant at Wapping, east London.

The dispute is likely to continue for some time as the company is committed to withdrawing the offer and the unions will try to revitalise what had become a flagging campaign.

The general union, Sogat '82, voted 1,415 in favour of accepting the offer (40.5 per cent of *valid votes*), and 2,081 against (59.5 per cent), a majority of 666; the National Graphical Association, the craft union, voted 165 in favour (20.3 per cent) and 648 against (79.7 per cent); and the AEU engineering union voted 56 in favour (33 per cent) and 112 against (66 per cent).

Together, the votes show 2,841 against (63.5 per cent) and 1,636 in favour (36.5 per cent).

Ms Brenda Dean, general secretary of Sogat, said that despite the increase in the company's offer, it was "clearly not enough to be acceptable to the membership. Our membership has said all along that they wanted jobs in Wapping, and this has been reflected in the ballot result."

Mr Tony Dubbins, general secretary of the NGA, said the company should now negotiate properly with the unions. He said the offer was final only "at this stage of the dispute."

"They people involved in the dispute are not prepared to be just bought off by financial offers of this kind."

Immediately the votes were announced by the unions, the company made clear that it would withdraw its offer.

Mr Bruce Matthews, managing director, said both he and Mr Murdoch, chairman, whom he telephoned to give details of the ballot results, were surprised at the rejection, especially by Sogat.

Speaking on Channel 4 TV news, he said that the offer was "fair and generous." He now accepted that what was at stake

Continued on Back Page

Hurd cautious on lower taxes

BY PETER RIDDELL, POLITICAL EDITOR

THE Government needs to respond to the concern about the *quality of some public services* revealed in last month's local elections, Mr Douglas Hurd, the Home Secretary, urged yesterday in a speech intended to fuel the growing Cabinet debate over public expenditure and tax cuts.

His speech follows several strongly worded speeches this week by the Prime Minister, Mr Nigel Lawson, the Chancellor and Mr Norman Tebbit, the Conservative Party Chairman, stressing the need for further cuts in income tax.

Their aim was to respond to the pressures for higher spending from other ministers, including Mr Kenneth Baker, the new Education Secretary.

The Downing Street hope now is that the temperature can be lowered since the debate will last for the next four to five months. All participants accept that in the end there will be a balance between higher spending on some services and tax cuts, and the argument is about the balance. No decision will be taken for some time and the current manoeuvring in speeches is about setting the terms of the debate.

Mr Hurd's speech, to a party *audience in Nottinghamshire*, was carefully phrased, though clearly intended to adjust the balance against the primary emphasis on tax cuts of recent speeches. Avoiding any suggestion of open rebellion, he quoted the Prime Minister's remark about there being no conflict between tax cuts and improving some public services when the economy is growing, though his emphasis was different from hers.

In particular, Mr Hurd noted that "a lot of progress has been made in reducing the impact of income tax" and he also pointed to the sharp growth in the real take home pay of those in work since 1979. "It is this growth in earnings and in our national prosperity which has recently muted the demand for reductions in the level of tax."

"Furthermore, the recent local elections revealed concern about the quality of some public services which the Government will need to weigh carefully in the coming consideration of our national public spending priorities. As people become personally better off their expectations of services naturally rise too and we need to take this into account."

He warned: "A little extra carefully targeted expenditure will only be effective if the right mechanisms exist or are created for delivering better services."

The coming public expediture round would be "crucial in showing the public once again that the Government is responsive to their concerns. We should continue to aim at a further reduction in the level of taxation. But many of our supporters will be looking for us to strike a balance, in terms of the realities of 1986, between the level of taxation and the quality of public services."

This debate is increasingly concerning Tory backbenchers in view of the local election results and comments by their constituents. More than 120 Tory MPs have so far signed a motion arguing that it should be possible both to cut direct taxes further while also improving public services. However, some Tory MPs who lay more stress on public spending are expected to co-ordinate their campaign to this end over the next fortnight.

Bank resists interest rate cut

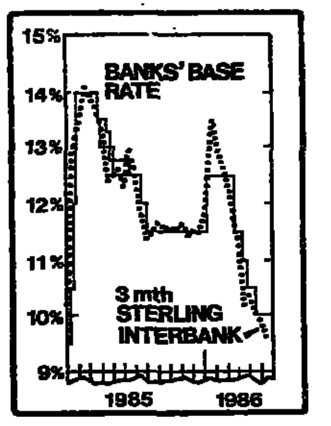
BY GEORGE GRAHAM

THE BANK of England yesterday threw its weight against increasing City pressure for lower interest rates. In the face of falling interbank rates, the Bank reinforced current interest rate levels by requiring operators in the money markets to borrow from it at punitive rates of interest.

The move failed, however, to dampen the City's enthusiasm altogether. Money market interest rates failed to rise in response to the signal. Many analysts still expect a further cut in bank base rates, from their present level of 10 per cent, in the next few weeks.

The authorities hope to allow interest rates to move lower when they deem prudent, but several times in recent months they have acted to brake the money markets, which have pushed interbank interest rates sharply lower after each of the four bank base rate cuts since the Budget in March.

Some observers welcomed the move to curb the downward pressure on interest rates as evidence that the Government was not about to allow rates to fall too quickly—as they were felt to have done in 1984—at the expense of higher inflation.



The Bank's signal to the money markets was enough to revive sterling. The pound regained most of the ground it had lost the previous day, but still ended the week considerably lower against other European currencies.

Against the D-mark it closed in London at DM 3.355, one pfennig higher on the day but seven lower than at the start of the week.

Sterling made up ground against the US dollar, which had fallen overnight, remarks from Mr Paul Volcker, chairman of the Federal Reserve, having strengthened speculation that the US might cut its interest rates, even without a lead from Japan or West Germany. In London, the pound closed at $1.505—up by nearly one cent from the previous day and by 3½ cents in the week.

The dollar lost nearly one pfennig against the D-mark yesterday, closing in London at DM 2.2285, more than 9½ pfennigs lower than at the start of the week. Against the yen, it closed at Y167.65, down more than one yen on the day and by nearly seven yen on the week.

Advocates of full membership for sterling of the European Monetary System were encouraged by statements yesterday from Lord Young, the Employment Secretary, and Sir Geoffrey Howe, the Foreign Secretary, saying the question was when, not whether, sterling should enter the EMS exchange rate mechanism.

Lord Young told the House of

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Australia enters gold coin war

BY STEFAN WAGSTYL

AUSTRALIA has said that in September it will launch a gold coin called the Nugget which will enter the increasingly competitive battle to fill a vacuum left by the demise of the South African Krugerrand.

The Canadian Maple Leaf has taken over from the Krugerrand as the market leader. South Africa stopped promoting its coin in the face of import bans imposed by several Western states, led by the US.

The Maple Leaf accounted for 60 tonnes of the 106 tonnes of gold coins sold last year, according to Consolidated Goldfields, the mining company.

Several other countries are attacking the market. The biggest challengers are likely to be the US Eagle coins, due for launch in October, and planned to consume 60 tonnes of metal a year.

Japan is buying 200 tonnes of gold for a coin issue to celebrate the 60th anniversary of Emperor Hirohito's accession. These coins will not compete in the investment coin market, since they will be sold as heirlooms at about double the bullion price.

Mexico is selling coins to commemorate the World Cup. Brazil plans an issue to mark its rise as a gold-producer.

The UK continues to sell a small number of sovereigns.

South Africa is trying to keep a toehold in the market by minting the Proteus, a limited edition coin to be sold at a considerable premium to the gold price, to celebrate the centenary of Johannesburg.

The mints are all fighting for a share of a sharply declining market. Coin sales fell by 23 per cent in 1985 after a similar fall in 1984 as investors turned away from gold because of its poor price performance.

But a market worth more than $1.1bn last year is clearly is clearly worth fighting for.

Mr Leslie Deak, chairman of the American National Bank of New York, says investors do take notice of differences between coins. Many prefer Maple Leaf because it is 24 carat, against its 22-carat competitors. It is a brighter yellow and "looks more like gold," he says.

The Chinese Panda trades at *a premium of about* 10 per cent to gold price, against 3 per cent for the Maple Leaf, partly because investors like its design, Mr Deak says.

Of the Australian coins, the Perth Mint of the Government of Western Australia will produce 1-oz, ½-oz, ¼-oz and 1-10-oz coins.

The issue follows rapid expansion of Australian gold output in recent years.

Angola attacks Unita, Back Page

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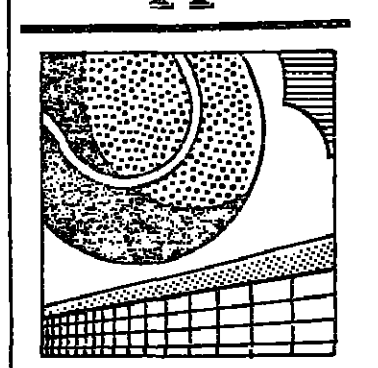

TENNIS

Two weeks to Wimbledon . . . a report on the behind-the-scenes battle for control of world tennis.
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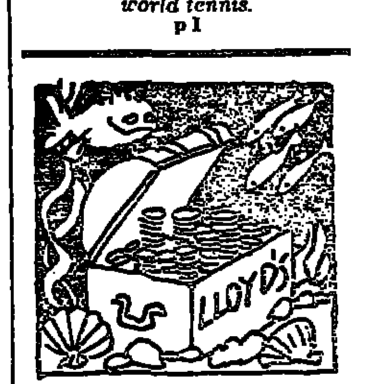

LLOYD'S

You need a guaranteed £100,000 to become a "name" in a Lloyd's underwriting syndicate. The rewards can be high—and so can the risks.
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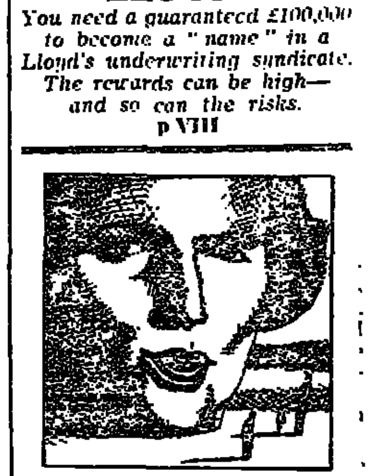

SCHOOLS

Fears over the decay of state schooling have wrought a change in public attitudes to independent schools.
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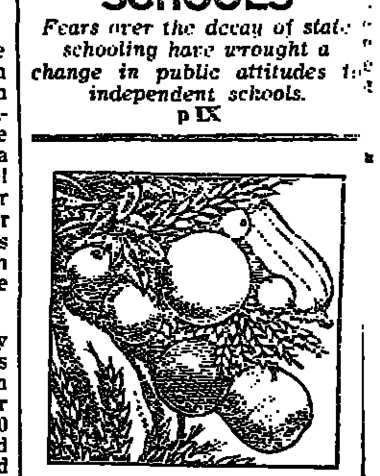

FOOD

There's potential in a cheese sandwich. A slice of onion could add a dash of class.
p XIV

Chernobyl evacuees to be monitored for life

BY PATRICK COCKBURN IN MOSCOW

THE Soviet Union has agreed *to provide detailed information* and monitoring on the future health of the 100,000 people evacuated from around the nuclear power plant at Chernobyl, Dr Robert Gale, the US bone marrow specialist, said in Moscow yesterday.

"We plan to follow these individuals for the rest of their lives," he said. The agreement on continuous monitoring by US and Soviet doctors will be elaborated when a team from the US Health Department visits Moscow next month.

The aim is to gather data on *the long-term effects of radiation*, particularly the incidence of cancers, on people living in a 30 kilometre zone around Chernobyl. The memorandum signed in Moscow yesterday comes under the terms of a US-Soviet agreement of 1972.

Dr Gale said he believed only another two or three people were likely to die as a result of the accident in addition to the 25 he already knew to be dead. Soviet doctors said on Thursday that 26 people had now died.

He confirmed that almost all the 299 people admitted to hospital following the accident, 180 of whom are still there, were from within the nuclear plant complex. These were mainly technicians, firemen and medical personnel. Only two people from outside suffered radiation sickness.

There had been "no blanket recommendation" to women in Kiev 80 miles away to have abortions but doctors provided advice according to individual circumstances. Milk in the city is well below danger levels, said Dr Gale, but artesian wells are being drilled to provide drinking water in case summer rains increase radiation contamination in the Dnieper river.

The overall lesson of Chernobyl, said Dr Gale, was "to demonstrate our inability to cope with the consequences of a nuclear accident." The long-term impact of the accident was impossible to assess and would not be apparent for many years but he considered reports that "estimates of tens or hundreds of thousands of long-term deaths are exaggerated."

Dr Gale, who flew over the damaged reactor on Thursday, said the authorities are trying to decontaminate the town of Pripyat next to the power station, "but progress is not as fast as we would like."

David Marsh adds from Paris: The church has entered a growing debate over nuclear power stations on the Franco-German border with the publication of an appeal for improved information on nuclear safety from the Bishops of Metz in France, Luxembourg, and Trier in West Germany.

The appeal which criticises politicians for presenting nuclear power decisions as "ineluctable," marks a significant departure from the Roman Catholic church's traditionally neutral line over the civil use of nuclear energy.

The bishops voiced disapproval of the way that information was released over the consequences of the nuclear accident at Chernobyl and called for journalists, teachers and others who mould public opinion to show "vigilance" over nuclear energy.

The protest may add to controversy over the bringing on stream in October of the first 1300 mW unit of a four-reactor power station at Cattenom on the Moselle, in eastern France. The complex, in which Swiss nuclear utilites will have a small financing stake, is close to both the Luxembourg and West German borders.

THE HUNGARIAN Government, alone in Eastern Europe, is paying compensation to its vegetable farmers and distributors for losses following radioactive fallout from the Chernobyl accident, writes Leslie Colitt in Berlin.

Vegetable prices plummeted as buyers stayed away in droves after the accident. Official assurances that the produce could be safely consumed after thorough rinsing were widely ignored.

The Polish Government said recently it would not reimburse its farmers, most of whom are private.

The Soviet Union for its part offered no compensation to its East European neighbours for economic damage incurred from the radioactivity. Mr Mikhail Gorbachev, the Soviet leader, thanked the East Europeans for their "solidarity" with the Soviet people in his TV address on May 14. East European governments, however, have not sent messages of sympathy to Moscow after the nuclear accident.

Irish insurance group's loss totals I£226m

BY HUGH CARNEGY IN DUBLIN

THE ADMINISTRATOR of the Insurance Corporation of Ireland, which was taken over by the Government last year after it collapsed, reported a consolidated balance sheet deficit yesterday of I£226m (£205m).

The report and financial statement covering two years was the first detailed official insight into the ICI collapse which severely shocked the Irish financial system and had *reverberations in the London insurance markets over the company's reinsurance activities.*

The deficit compared with an initial estimate of I£164m. In addition, the company showed losses in the two years of I£85m.

Group insurance funds and liabilities totalled I£440m, a figure the administrator, Mr William McCann, said included unspecified provision for doubtful reinsurance recovery. Outstanding claims at the end of 1983 were understated by I£214m, he said.

Current assets were I£123m, *including I£78m of settled reinsurance claims.* "Even if all the reinsurers were unable to pay, and that is inconceivable, the deficit figure would reach nothing like some figures which have been suggested, like five hundred million," Mr McCann said.

The company judged that its treaty reinsurers could not avoid their legal obligations and further amounts would be recoverable. However, the accountants, Coopers and Lybrand, who took over at ICI from Ernst *and Whinney in December 1984,* noted that they were unable to assess how much this would be.

Mr McCann said the majority of underwriting losses at ICI related to fire and accident business written by the London non-marine office from which North American risks were particularly unprofitable.

The collapse of ICI, Ireland's biggest underwriter of employers' liability insurance, was a heavy blow to Allied Irish Bank which had only taken full control of it a few years before. The bank, which had already *pumped millions* into the company, wrote off I£90m after the government takeover.

Waldheim: strong support

Swedish engineering industry strike averted

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE THREAT of serious industrial conflict in the Swedish engineering industry was lifted yesterday when the two sides managed to reach agreement only hours before a strike and lockout which would *have shut the most important* sector of industry.

The settlement, reached after 11 days of tense negotiation led by a state-appointed mediator, should open the way for agreements, without serious conflicts, with other blue-collar unions in the rest of the private sector.

Industrial unrest continues in the public sector, however, where a two-and-a-half week strike by some 3,000 doctors, dentists, social workers and other university-qualified staff employed by the local authorities, is causing increasingly serious disturbances to health services.

Operations are having to be postponed at large hospitals and patients are having to wait up to seven hours in emergency wards, with many patients having to lie in the corridors because wards are overcrowded.

According to the engineering industry settlement wages for around 230,000 manual workers *will* rise on average by some 5 per cent this year and 4 per cent next.

Included in the total is wage drift of 2 per cent in 1986 and 1.75 per cent in 1987. This is a very optimistic assumption, however, given that wage drift in the industry has been running at an annual level of around 4 per cent.

Metall, the powerful engineering workers union, managed to push through its chief demand for higher increases for the lowest paid: wages in this category will rise by 6.7 per cent this year and 5.3 per cent in 1987. Employers resisted the demand because of fears that it would cause higher wage drift as workers try to maintain differentials.

Protests at Waldheim's last rallies

By Patrick Blum in Vienna

AUSTRIA'S bitter Presidential election campaign is ending in acrimony with protests marring *the latest rallies* of Dr Kurt Waldheim, the former United Nations Secretary-General who has been at the centre of an international controversy following allegations that he was implicated in Nazi atrocities in the Balkans during the War.

On Thursday night Dr Waldheim addressed a final rally of some 2,000 supporters in Amstetten in Lower Austria that was disrupted by protesters and broke out in ugly scuffles.

The police moved in but not until the small group of about 20 protesters who were led by Ms Beate Klarsfeld, the veteran *Nazi-hunter, had already come* under attack from Dr Waldheim's supporters. Ms Klarsfeld, a West German now living in Paris, played an important role in the search for war criminal Klaus Barbie. She came to Austria to campaign against Dr Waldheim because of the allegations.

Her attempts to drum up support against Dr Waldheim in Austria have fallen mainly on deaf ears and served to fuel resentment against foreigners. Dr Waldheim and his supporters in the Conservative People's Party have used the controversy to maximum advantage, denouncing "foreign interference" in Austria's internal affairs and accusing the World Jewish Congress and Israeli politicians of waging a campaign

This has encouraged a resurgence of anti-semitism and nationalism. One of the speakers at the rally, Mr Siegfried Ludwig, Provincial Governor of Lower Austria, ended his own speech shooting "Oeseterreich ueber alles."

Yesterday, a full page advertisement appearing in the major newspapers made a similar appeal to nationalist sentiments. "Hundreds of thousands of Austrians were called up in the last war. Many were killed and many more were wounded," it begins. Like them Dr Waldheim did not evade his duty but this is now being held against him and used in a "dirty campaign of defamation," it says.

Such statements have caught the public mood and Dr Waldheim looks poised to win in tomorrow's final round of voting.

His socialist rival, Dr Kurt Steyrer, whose own campaign has been overshadowed by the controversy, said yesterday that he was still hopeful and that many of those that did not vote vote for him tomorrow.

Controversy surrounds 'voice of France'

By Paul Betts in Paris

A NEW controversy over the reform of French broadcasting concerns the future of Radio France Internationale (RFI), French equivalent of the BBC World Service.

In sharp contrast to its plans to privatise television, the Government is seeking closer control of the international shortwave broadcasting service which *is sometimes regarded as "the voice of France."*

This is causing growing alarm among staff at the station. In the past few years, RFI has developed rapidly from a station essentially focused on French-speaking Africa and French overseas territories to a more international service covering Latin America and the Far East.

But the conservative Government feels RFI has drifted increasingly into the hands of socialist sympathisers and has gone as far as calling it in private "Radio Jospin" after Mr Lionel Jospin, first secretary of the French Socialist Party.

The cabinet in future will name the head of the broadcasting service and not the new independent communications commission.

The Government appears determined to reduce the independence of the station, claim critics. They say it wants RFI to focus again on French-speaking Africa and turn the station into "the *official voice of France*."

● Finland will get a third television channel following a narrow government vote, writes Olli Virtanen in Helsinki. The national broadcasting company will control 50 per cent of the new channel, the commercial television company MTV 35 per cent, and the electronics group Nokia the rest.

World Bank urges tough economic measures on Jakarta

THE WORLD BANK has called on Indonesia to take strong new measures to ensure balance-of-payments stability and lay the groundwork for economic recovery in the wake of this year's plunge in oil prices, Reuter reports from Jakarta.

According to a summary of the World Bank's confidential annual report on the Indonesian economy, the country faces stagnant or stunted growth in gross domestic product (GDP) in the next few years.

The bank, which has played an important advisory role to Indonesian economic planners for almost 20 years, urges policy changes to further encourage exports and to dismantle patronage and protectionist barriers.

The report comes before this month's meeting in The Hague of Western donor nations in the Inter-Governmental Group on Indonesia (IGGI). The bank recommended assistance at least equal to last year's level of $2.4bn.

The IGGI groups 12 donor nations, including the US and Japan, with the bank, the International Monetary Fund (IMF), and two other international lending agencies.

The bank said Indonesia's economy has been badly hit by the drop in oil prices and sharp depreciation of the US dollar. "The magnitude of these shocks... imposes a heavy burden of adjustment," according to a report.

The bank called on Indonesia to restrain imports, rein in domestic demand, and encourage non-oil exports of commodities, minerals and consumer goods. A competitive foreign exchange rate policy was vital to boost exports, the report said.

The report forecast less than 2 per cent annual GDP growth for at least the next two years, even if the government keeps a tight management rein on the economy. But it did not go so far as some Western economists who predicted in a separate assessment last month that GDP would contract by 3 per cent in 1986.

The Bank said measures announced by the government last month to stimulate non-oil exports and foreign investment were a good start, but said the momentum must be maintained to establish an efficient basis for renewed growth and stability.

Indonesia's current account deficit in fiscal 1986-87 beginning on April 1 could rise to $4bn and could go as high as $5bn if the government did not take further action, the Bank said.

Such a deficit would impose a severe strain on Indonesia's capacity to service foreign debts, which stood at $28.3bn last December, the bank said. Indonesia had a current account deficit of just over $2bn in fiscal 1985-86.

The World Bank said Indonesia's debt service ratio is likely to exceed 30 per cent in calendar 1986, against 25 per cent in 1985, if average world oil prices remain at current levels. Debt service is projected to rise to $6.2bn in 1988 from $5.2bn in 1986.

The Indonesian Government has projected 2.3 per cent GDP growth this fiscal year, but its budgetary assumptions were based on an average oil price of $25 a barrel. The Bank assumes oil prices will average $13.5 a barrel in 1986.

Indonesia relies on oil and *gas for about 70 per cent of its* foreign exchange.

The World Bank warned that unemployment could rise to unacceptable levels if adequate growth does not resume. But it had general praise for the Government's handling of the economy, particularly a sharp reduction in subsidies, an austerity budget this year and tax reforms.

Sudan's civil war talks offer scant hope of end to fighting

BY JOHN MURRAY BROWN

IT USED to be said that Sudan would survive on fumes once the petrol ran out, such was the country's seemingly endless capacity to live with a crisis. Today such optimism is hard to find in the face of a crippling foreign debt, a three-year-long civil war, and the apparent reluctance of western allies to assist in resolving these twin problems.

This weekend's scheduled talks with the rebel Sudan Peoples Liberation Army (SPLA) offer a tiny glimmer of hope, but ending a war that has so deeply divided the nation will prove a formidable task for Mr Sadiq el Mahdi, Sudan's new Prime Minister.

Mr Sadiq heads the right wing Umma Party, the narrow victor in the recent elections, in uneasy alliance with the rival Moslem Democratic Unionists (DUP) and parties from the non-Moslem south. Given the make-up of the coalition, however, reform of Islamic Sharia law, a key demand of the SPLA, will not be easy.

To many, the Oxford-educated Mr Sadiq is the only credible choice to lead the country back from the brink. However, as head of the Islamic Ansar sect, a position inherited from his great grandfather, Sudan's 19th century religious and political leader, he could face a serious challenge from Moslems opposed to Islamic reform.

Some fear that Africa's largest country, but one of its least populated, could slide further *into chaos, a possibility viewed* with great concern by friends in the west, for whom Sudan has been a strategic buffer between pro-Soviet Ethiopia and Libya, and vital in securing Red Sea oil routes from the Gulf.

An immediate security concern for both the US and Egypt, who have seen their influence wane in the 13 months since the peaceful overthrow of former President Jaffar Nimieri, is the growing influence of Libya which today gives more in assistance than Britain, the former colonial power.

Particularly worrying to them was the sight of Libyan-supplied, soviet-built TU-22 long range bombers attacking rebel *positions in the south.* This was the first hard evidence of the hitherto ill-defined military agreement signed in Tripoli last year.

Tension came to a head with the shooting of a US embassy official in April prompting the State Department to order the withdrawal of key aid personnel from Khartoum, the capital.

For Mr Sadiq, who enjoys good relations with the Libyan leader, Col Muammer Gadaffi by whom he was offered a base in Tripoli when opposing the Nimeiri regime, US support is vital if Sudan is to salvage its deteriorating economy.

The International Monetary Fund (IMF) has declared Sudan ineligible for further loans after repeatedly missing deadlines on debt repayments, while a severe drop in cotton sales, the country's principal foreign exchange earner, will make it even more difficult for Sudan to service its $9bn foreign debt.

Saudi Arabia, the country's largest bilateral donor has signalled its continuing support with the release of six months worth oil supplies, but is looking for assurances that traditional ties will be respected.

The war has proved a growing burden on the economy. An early casualty of the fighting was the suspension of Sudan's two largest projects, Chevron's operations at the Bentiu oil fields and the multi-million dollar Jonglei Canal.

The withdrawal of US assistance, which last year topped $400m, could have dangerous political repercussions at home. Some fear that a sharp drop in commodity supplies, a main part of the US aid programme could see the political initiative wrested from Mr Sadiq on the streets of Khartoum—a fate which befell Mr Nimieri last April.

Few are predicting a successful outcome for this weekend's peace talks with the SPLA. Indeed, the recent elections which aimed to pave the way for these talks only served to underline the country's regional and religious divisions, with voting postponed in over half the southern constituencies and turnout low elsewhere in the region.

It is a point not lost on the fundamentalist National Islamic Front (NIF) whose uncompromising platform supporting Sharia law, won it 52 seats, many in crucial Khartoum constituencies. Mr Sadiq made strenuous efforts to bring the NIF into the coalition, but he was blocked by his own party members.

The army as ever remains the unknown factor in any political or military equation. In Khartoum there appears little martial enthusiasm for an escalation of the war, which western experts insist is unwinnable. Army chiefs remain divided over strategy and wary of a repeat of last year's mutiny when recruits refused to fight.

On the other hand contrary to expectations the war has not "radicalised" northern civilian opinion. Indeed today after 16 years of military rule the army emerges with its image enhanced, with an apparent mandate to take the war to the rebels and with northern politicians closing ranks in support.

Whichever way the army turns, however, the prospects of peace returning to Sudan soon must be very doubtful.

Twenty-one Britons arrived in Nairobi from southern Sudan yesterday as part of an evacuation of non-essential British government staff and dependents, the British High Commission said, Reuter reports from Nairobi.

The evacuees, mainly women and children, left Juba in two small charter planes after the British embassy in Khartoum decided that rebel activity in the southern province of Equatoria could be a threat to safety. A third plane was expected in Nairobi later in the day to take out the third and last batch of evacuees.

The evacuation was temporary and those moved out might return if security improved, the High Commission said.

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Mexican peso falls 13% in two days

BY DAVID GARDNER IN MEXICO CITY

THE MEXICAN peso fell 13 per cent against the dollar in two days this week, despite signs that Mexico may be close to an agreement in its long drawn-out negotiations with the International Monetary Fund.

The free market dollar, used for services and non-essential trade, was being sold by private exchange houses at the close of trading on Thursday at 675 pesos, against 583 pesos at Tuesday's close and 522 pesos a month ago.

This has widened the breach between the "free" dollar and the "controlled" dollar—used for 80 per cent of merchandise trade and all debt transactions—to merely 25 per cent after the gap had closed to as little as 1 per cent.

The new speculative pressure on the peso is most widely attributed by foreign exchange dealers and government officials to the growing public perception that, as a result of this year's oil price collapse and in the absence of any new agreement with its foreign creditors, Mexico is fast running out of dollars to service its foreign debt and domestic resources to finance its budget deficit.

The deficit has been the main sticking point in negotiations on a new standby agreement with the IMF which began last autumn.

The Fund has been trying to hold Mexico to near its target for this year of 5.1 per cent of GDP. The Government has dismissed this as impossible, given a probable oil revenue loss of $8bn or more than 5 per cent of GDP. Officials here are privately forecasting a deficit of 12-13 per cent, against 10 per cent last year, with year end inflation over 80 per cent, against 64 per cent in 1985.

However, officials and private economists close to the negotiations say the possibility has now emerged of agreement on an 18-month adjustment programme, which fixes targets for the end of 1987. If this option prospers, an agreement could be signed by the end of this month. Then Mexico will be able to start substantive talks with its bankers on this year's new money requirements.

But an early outcome for these talks is unlikely since senior ministers have insisted that the banks must be prepared to reduce the overall service burden on Mexico's $97bn foreign debt.

Mexico may well fall behind on service payments before this lengthy process concludes. This month, for example, it is due to make payments of around $1.2bn. The trade surplus is running at barely $300m a month, while liquid international reserves stand at $2.5bn-$3bn—enough to cover six weeks of import.

A policy decision has been taken to avoid a repeat of August 1982—when Mexico ran out of foreign exchange — and maintain a minimum threshold of reserves, not much below where they are now.

The Government is also known to be exploring various "conciliatory" mechanisms to deal with debt service arrears if and when they arise. Two options being considered are the creation of dollar escrow accounts inside the country, or peso amount of the debt service what would in effect be escrow peso accounts, in a scheme similar to the way private foreign vice would be deposited here with the central bank, which would then pay creditors

US jobless rate up 0.2% in May

By Reginald Dale, US Editor in Washington

US civilian unemployment rose unexpectedly by 0.2 per cent to 7.3 per cent in May as jobs continued to be lost in the manufacturing and oil and gas industries, the Labour Department reported. The increase brought the figure back to the same rate as in February, after slight declines in March and April.

Private analysts said that the disappointing figure, indicating a sluggish economic performance last month, would remove any pressure on the Federal Reserve to tighten monetary policy, and could even mean some easing if the economy failed to improve.

Most economists, however, played down the significance of the increase, which may have been due partly to students entering the labour force. Despite May's small increase, the jobless rate had shown no definitive trend so far in 1986, after mild improvement in the second half of last year.

The statistics further underlined the shift of the economy from manufacturing to the service sector, which continued its rapid expansion in May with the addition of 190,000 jobs. Construction also did well, helped largely by lower mortgage interest rates.

South Africa's window of opportunity is closing fast, reports **Anthony Robinson**

Pretoria returns to a siege mentality

FIVE WEEKS ago nearly two million black workers in South Africa stayed away from work in support of their demands to make May 1, International Labour Day, a public holiday. In Durban Cheif Mengosuthu Buthelezi, leader of six million Zulus, used the occasion to launch a new moderate trade union movement at a mass rally attended by over 50,000 people in a stadium only three kilometres away from a rival rally held by the giant COSATU union federation which has close ties with the United Democratic Front (UDF) and the African National Congress.

Similar rallies were held all over the country. The police kept a low profile, nobody died and there were no violent incidents of note. The next day workers streamed back to work and life continued as normal. Suddenly it looked as though troubled South Africa had found a new maturity, a new and unsuspected capacity to roll with the punches.

At the time May Day was widely seen by the Government and the black community as a kind of dry run for nationwide rallies and demonstrations planned for June 16, tenth anniversary of the beginning of the Soweto uprising, one of the most emotive dates in contemporary South African history.

The fact that it passed off so peacefully was seen as a good omen that, with similar restraint and discipline on all sides, June 16 could also be remembered without adding to the *mounting toll of death*

But five weeks is a long time in South African politics, long enough to encompass the emergence of a right-wing white backlash against the Government's reform policies, military *raids on alleged ANC bases in* three neighbouring countries, the subsequent scuppering of the Commonwealth Eminent Persons Group (EPG) initiative aimed at opening black-white negotiations, a renewed run on the rand and the prospect of tough new sanctions from all sides.

> The jitters which Pretoria was able to control before May 1 have come back with a vengeance and with it all the atavistic fears that restraint might be interpreted as weakness.

The jitters which Pretoria was able to control before May 1 have come back with a vengeance and with it all the atavistic fears that restraint might be interpreted as weakness.

This week's edict by Mr Louis le Grange, the Minister for Law and Order, banning all meetings connected with June 16 and the June 26, 1955 publication of the "Freedom Charter" marks a return to the bad old ways of clamping the lid, rather than allowing the ventilation, of black grievances and aspirations.

It was a step which not only indicates official nervousness but also frustration at the way the Coloured and Indian Houses of Parliament have refused to sanction amendments to two key internal security acts which would close loopholes opened by previous judicial action and effectively put the police force beyond the reach of the courts.

Thus section 5A of the proposed Public Safety Amendment Bill empowers the Minister of Law and Order to declare an unrest area "whenever the Minister is of the opinion that public disturbance, disorder, riot or public violence is occurring or threatening in any area."

The most controversial section of the proposed Internal Security Amendment Bill, section 50A(2) would empower any police officer above the rank of Lt-Colonel to detain any person for up to 180 days if "of the opinion" that such an arrest "will contribute to the termination, combating or prevention of public disturbance."

Despite rejection by the white opposition Progressive Federal Party (PFP), the Government majority ensured passage of the amendments through the white House of Assembly this week. Where the Government's plans came unstuck was in the Indian and Coloured Houses.

By referring the bills back to the standing committee on law and order these two houses have in effect forced the Government either to accept drastic amendments designed to ensure access to family and lawyers for those detained, or make a mockery of its much trumpeted multi-racial consensus politics by forcing President Botha himself to use his reserve powers under the constitution and steamroller the amendments through against their opposition.

Either way the Government risks paying a high domestic and international price for amendments which legal experts and community associations view as a massive overkill.

The implication of all this is that the Government, bitter at what it sees as domestic and international failure either to appreciate the extent of reforms announced so far or the political risks it has taken with its own Afrikaner electorate to implement them, is retreating yet again into the old "laager mentality."

The danger is that by appearing to give almost unlimited powers to the police it will unleash a new wave of repression which raises the risk of violent confrontation on June 16 and further polarisation of an already divided society. But evidence of the last State of Emergency indicates that repression is not the answer. Despite the arrest of over 8,000 activists the death toll rose from 450 to 1,200 between July 21 and its lifting seven months later.

Powerful elements within the security apparatus argue that the State of Emergency was not successful in ending the state of endemic revolt because repression was not harsh enough. That is also the view of the white right wing.

By its actions over the last few weeks the Government has demonstrated that it is not strong enough to opt for the alternative policy of opening negotiations with the ANC and other black forces, or continue the low-profile policing experiment.

The "window of opportunity" which seemed to open up with the EPG visit, the repeal of Influx Control and the Pass Laws and other reforms, now appears to be closing fast. Foreign investors have drawn their own conclusions and the precipitate fall in the rand in recent days bears eloquent witness to their fears that further repression will lead to more violence and instability and a siege economy to match the political laager.

France wants 15% role in EFA, say officials

BY PETER BRUCE IN HANOVER

THE French Government has intensified efforts to win for France a stake in the European fighter aircraft (EFA), which is to be built by Britain, West Germany, Italy and Spain.

Officials at Eurofighter/Jagdflugzeug, the company set up this week to manage the production of some 800 of the aircraft, said yesterday that France wanted a 15 per cent stake in the project and the Bonn Government, *at least*, was sympathetic to the idea. Previously, Paris had said it would be happy with 5 per cent.

They said, however, that it was highly unlikely that France would become more than subcontractors in the project. The US, which has also expressed interest, would probably be offered the same status, if anything.

France pulled out of negotiations on the EFA consortium last year after disagreement over specifications for the aircraft, but it failed to split the remaining partners and is intending to build a rival aircraft, alone if necessary.

Britain and West Germany each have a 33 per cent stake in the EFA, Italy 21 per cent and Spain 13 per cent. A recent disagreement between London and Bonn over the weight of the aircraft has been resolved, leading to the appointment this week of Mr Gerrie Willox, a British Aerospace executive as managing director of Eurofighter/Jagdflugzeug. His deputy has been named as Mr Ferdinand Mexia of the Spanish aerospace group CASA.

Italy ready to negotiate with US on Star Wars

BY JAMES BUXTON IN ROME

THE ITALIAN Government is ready to begin negotiating with the US an agreement which would enable Italian companies to participate in research on the US strategic defence initiative (SDI), popularly known as Star Wars.

Mr Giulio Andreotti, the Foreign Minister, told Mr Michael Armacost, the US Under Secretary of State, of the Government's decision during a visit to Rome, which ended yesterday.

Italy wants to establish the rules under which its companies could take part in SDI research.

The decision to start negotiations on Star Wars marks the end of a long period of prevarication by Mr Andreotti, who was at odds with his Cabinet colleague, Mr Giovanni Spadolini, the Minister of Defence, on the issue. Mr Andreotti had expressed doubts about the effects of SDI on existing arms limitation treaties with the Soviet Union.

The US had made clear that it would be difficult for Italian companies to participate in SDI contracts unless there was an inter-government agreement of the kind which exists between the US and Britain and West Germany.

Mr Spadolini said yesterday he hoped an agreement would be reached within a matter of months.

British banks 'disadvantaged by regulations'

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BRITISH BANKS are at a disadvantage to their foreign counterparts because of the regulatory approach of the Bank of England to innovations in financial markets, Mr Denis Child, deputy chief executive of National Westminster Bank, said yesterday.

"We are a long way from playing on that level field which is essential if we are to have a truly efficient global market. We all welcome efficient regulation, but there is a fine line between efficient and discriminatory regulation," he told a conference arranged by Euromoney magazine.

Denis Child: seeks level ground for competition

Mr Child, who is also chairman of the executive committee of the British Bankers' Association, said British banks "stand four-square" with the Bank's view on the need to incorporate items outside the balance sheet in the assessment of capital adequacy.

These are hidden commitments by a bank, for example, by underwriting issues in the securities market.

In the first major reply by the association to the Bank's proposals for reviewing capital requirements of banks, he continued: "There is a worry that the Bank of England paper could, by accident rather than design, place the British banks at a competitive disadvantage."

Overseas financial institutions were already "working under less demanding regulations," which inhibited British banks' ability to compete on price, he said.

The Bank published in March a paper to set out criteria from which it expects to develop formal new proposals on capital adequacy by the end of the year.

For more than a year, however, it has effectively imposed a capital requirement on British banks underwriting issues of Euronotes or short-term international debt securities. This gives such commitments half the value of a straightforward loan when capital requirements are assessed.

Other countries, including the US and Japan, have proposed a less onerous requirement, by which the commitments would be valued at 30 per cent of straightforward loans.

The question of equal treatment of banks by respective national regulations has surfaced as one of the most contentious in the new thrust by central banks to devise an appropriate regulatory framework for the treatment of innovations in financial markets.

In a recent speech for a banking conference at Barcelona, Mr Peter Cooke, associate director of the Bank of England, cautioned that a level playing field was "virtually impossible to deliver internationally."

Williams underlines SDP split on defence

By Peter Riddell, Political Editor

MRS SHIRLEY WILLIAMS, president of the Social Democratic Party, yesterday publicly distanced herself from the views of Dr David Owen, the party leader, over the replacement of Polaris.

Her speech further highlighted divisions within the SDP/Liberal Alliance leadership over nuclear defence policy.

Dr Owen has recently restated his belief in the maintenance of Britain's nuclear capability and a willingness to replace Polaris.

Mrs Williams said last night in Cambridge: "The party leader has every right to express his personal views forcefully on the matter. But that commitment is not, at present, SDP policy."

Alliance leaders are worried about the political damage resulting from the publicity this week on the divisions over the report of the joint commission on defence and disarmament, due to be published next Wednesday.

The differences arise in part over varying interpretations of the SDP's present policy as approved in a lengthy and ambiguous statement last September at its Torquay conference.

While Dr Owen argues that this statement supports the replacement of Polaris, Mrs Williams believes present policy is conditional.

She said last night the Torquay policy was that "the party is willing to replace Polaris under certain circumstances, but not irrevocably committed to doing so. Any decision would be made in the light of disarmament negotiations and the views of our allies."

The latter is the recommendation of the commission of experts and senior party figures. The report argues that the issue of replacing Polaris—"whether and, if so, how"—should not be decided immediately, but should be taken in the light of international developments.

Mrs Williams noted the agreement of the joint commission and said there is no division between the Alliance parties. "There can be a genuine debate about whether the Alliance should be committed now to replace Polaris," she said.

The lengthy commission report is against the purchase of Trident, partly on cost grounds. It favours Britain's continued Nato membership and the presence of US nuclear bases in Britain, as already agreed by both parties.

The report suggests a compromise on Polaris, accepting that the existing submarines be retained for the rest of their working lives, leaving open the question of their replacement.

This contrasts with the Liberals' previous opposition to a continued British nuclear deterrent, and SDP leaders like Mrs Williams and Mr Bill Rodgers are worried that Dr Owen's statements are putting at risk the Liberals' stance.

Dr Owen, who has been on a visit to West Germany, acknowledged in a BBC Radio Four interview that there was a difference of emphasis between the two parties on whether Britain should remain a nuclear power.

He claimed merely to have repeated existing SDP policy when he expressed a willingness to replace Polaris in a speech on Thursday.

Dr Owen said there was plenty of time for the two parties to discuss this "very deep and important issue." He hoped it could be resolved before the election.

"This is a big issue and an important issue. In my judgment, it is one Britain cannot escape. You have to come to a conclusion about it," he said.

Alice Rawsthorn on commercial breakfast television's first year of profit

The man with a mission to float TV-am

LITTLE MORE than two years ago a representative of the London Electricity Board arrived at TV-am's studios. He told the management that it had just half an hour to pay the electricity bill or the supply would be cut off.

The breakfast television station was then on the brink of collapse. By February 1984, after 18 months on air, TV-am had accumulated losses of more than £15m and the management realised it could not meet the monthly salary bill.

TV-am is preparing for flotation on the USM next month and last week showed its first year in profit, with £4.83m. The architect of its recovery is a 56-year-old Australian, Mr Bruce Gyngell, who joined the board in late 1983 to represent the interest of Mr Kerry Packer, the Australian media entrepreneur.

In February 1984 Mr Gyngell flew to London for an emergency board meeting to discuss how to meet the salary bill. Instead of flying back to Australia, as he had expected, he stayed on as managing director.

Gyngell's arrival was greeted with audible relief at TV-am, because, in contrast to the rest of the station's management, he was at least a television professional.

He began his television career in the US as anchorman on NBC's Today show in the early 1950s, and returning to Australia to become in 1956 the first person on Australian television.

He progressed through programming to managing director of Channel 9 in Sydney, but left after a contretemps with the owner, Sir Frank Packer, father of Kerry, to join Channel 7.

Under Mr Gyngell, Channel 7 ousted Channel 9 from the top of the ratings.

In 1972 Mr Gyngell moved to the UK as deputy chairman of the then Sir Lew Grade's Midlands television station, ATV. At ATV he made many of the contacts within the British television establishment which were to prove so useful at TV-am.

Bruce Gyngell: guided TV-am from crisis to flotation on the USM

After another contretemps, this time with Sir Lew, Mr Gyngell returned to Australia to become the first chairman of its equivalent to the Independent Broadcasting Authority, the Australian Broadcasting Tribunal, and then to work in television for ethnic minorities.

In 1983 he established a media consultancy, Consolidated Media Propects, and Mr Kerry Packer's Consolidated Press Holdings was one of the largest clients.

Nonetheless, Mr Gyngell found time to indulge his fascination for Eastern mysticism and Oriental philosophy. Then came TV-am.

The station's relief at Mr Gyngell's arrival was shortlived and it was followed by the departure of a stream of senior executives. Cost cutting was the first priority.

"When I arrived we were losing £500,000 a month," he said.

Mr Gyngell then signed every cheque, authorised every purchase and cut the staff from 483 to 341 within eight months.

"But I did not fire a single person. I might have taken a few on one side and suggested they should leave. But I didn't fire them."

Programming was the next priority.

"The IBA had made it quite clear that it found the quality of our news coverage unacceptable," said Mr Gyngell. "The IBA was right. It was just 'rip and read' if that."

Mr Gyngell assumed control of programming policy and chaired the daily editorial meetings. Mr Dyke left. A new director of programmes, Mr Mike Hollingsworth, stayed for a few months, then Mr Gyngell dispensed with the formalities and appointed himself to the post.

"There is this strange tradition in British television that managing directors should not interfere, should not intervene, that they should just sit quietly and deal with the finances," he said.

"In any other industry the managing director takes control of the design and manufacture of the product. After all, I am the most experienced programme maker in this company."

One of Mr Gyngell's first editorial decisions was to cancel TV-am's coverage of the Olympic Games. This was greeted with howls of anguish within the station. Yet he was vindicated. In the first week of the Games, TV-am's audience overtook that of the BBC's Breakfast Time for the first time.

Audiences grew through the summer, as did advertising revenue. But in mid-August, Mr Gyngell discovered an error in the company's accounts.

In the first week of September the board realised that, yet again, it could not meet the monthly salary bill. Six days before the salary bill fell due, Mr Gyngell managed to persuade an advertiser to pay in advance.

Since then, the station has been able to expand, to take on more journalists with experience to improve news coverage.

"We are almost, almost in a position to fulfil the franchise remit as a news and current affairs station," said Mr Gyngell. "After all there was nothing really wrong with the 'mission to explain'."

Last summer, TV-am's main shareholders—Fleet Holdings, Aitken Telecommunications and Consolidated Press Holdings—formulated plans for a flotation, tentatively scheduled for late 1986 or early 1987.

In October, Fleet Holdings was taken over by United Newspapers which, as a substantial shareholder in Yorkshire Television, was precluded by the Broadcasting Act from holding a stake in another independent television company.

So TV-am will come to the USM in the first two weeks of next month, shortly after Thames Television is floated on the stock market.

Television industry speculation suggests Mr Gyngell will leave TV-am after the flotation. Industry speculation, however, has also suggested he was on the brink of leaving ever since he arrived.

Mr Gyngell says: "The time my job here ends is the time I have a piece of paper in my hand telling me that the IBA has awarded us a rolling franchise when the current franchise ends in 1991.

"Then I can think about getting back on that plane."

ADVERT CHANGE

COMPANIES which are quoted or seeking a quote on the Unlisted Securities Market will be allowed to advertise the publication of their prospectuses on television and radio.

Companies listed on the main Stock Exchange may already do so. The Home Office has endorsed the change to the Independent Broadcasting Authority's Code of Advertising Standards and Practice.

Nissan sales drive boosts van imports

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

NISSAN increased its sales of Japanese vans in the UK by more than 50 per cent in the first five months of this year, helping registrations of imported commercial vehicles reach record levels.

The privately-owned UK importer of Nissan vehicles has placed special emphasis on the van range this year and dealers for the first time agreed commercial vehicle sales targets when negotiating their contracts for 1986.

Nissan UK said yesterday it had been helped by the better availability of vans from Japan compared with last year, while dealers' interest in the commercial vehicle range had been boosted by the availability of models from Nissan's factory in Spain.

The Spanish vans count as European vehicles and therefore escape the voluntary restraints on shipments of cars and light commercials to the UK from Japan.

According to Society of Motor Manufacturers and Traders figures, 3,035 Japanese-built Nissan medium vans were registered in the UK in the first five months of this year compared with 1,841 in the same months of 1985. Some 638 Spanish-made Nissan medium vans were also registered (none in the first five months of 1985).

Nissan also pushed up sales of light vans (under 1,800 kilograms gross weight), all made in Japan, from 586 to 878 in the five months.

The society says imports accounted for 40.95 per cent of total commercial vehicle registrations in the January to May period, up from 36.85 per cent for the same months of 1985. At 22,856, sales of commercial vehicles during May were down 0.83 per cent on those for May, 1985. Sales for the first five months—128,670—were also marginally down, by 0.22 per cent.

Uncertainties arising from the attempts being made to restructure the UK heavy truck industry—including the abortive Leyland Trucks-Bedford talks and the merger of Ford's heavy truck operations with those of Iveco, the Fiat subsidiary—also played a big role in the importers' advance.

However, Leyland Trucks, the BL subsidiary, seems relatively unscathed, and has established itself as leader in the heavy truck and artic (over 3.5 tonnes gross weight) sector this year with 4,183 registrations by the end of May, ahead of Ford (3,165 registrations) for the first time since 1977.

Ford has slipped back so far that Daimler-Benz, the Mercedes group of West Germany, with 3,302 registrations in the five months, has taken second place in the heavy truck sector, having moved past Bedford, the General Motors subsidiary, last year. In the first five months of 1986 Bedford's registrations totalled 2,339.

Sales of heavy trucks by the end of May were 3.8 per cent down at 23,709 but the importers increased their registrations by 8.5 per cent to 9,666 vehicles.

Registrations of light vans rose by 4.85 per cent to 43,432 in the five months while imports advanced by 11.65 per cent to 12,980. Sales of medium vans (1,801 to 3,500 kgs) fell by 2.4 per cent to 54,007 but imports were 12.2 per cent up at 26,551.

Light four-wheel-drive commercials improved by 2.5 per cent to 6,204 in the five months while imports gained 5.3 per cent to 3,130. Bus and coach registrations fell from 1,514 to 1,318 in the same period with imports moving up from 456 to 478.

Pressures grow for Britain to join EMS

BY KEVIN BROWN AND LAURA RAUN

THE TIMING of the Government's decision on full British membership of the European Monetary System could be influenced by the six-month UK presidency of the EEC, beginning in July, the Lords were told yesterday.

Lord Young, the Employment Secretary, confirmed during a debate on the EMS that the Government had decided in principle that sterling should enter the exchange - rate mechanism of the system "when the conditions were right."

His remarks came as Sir Geoffrey Howe, Foreign Secretary, said in The Hague that Britain eventually would move to full membership of the EMS and that this was only a matter of time.

"The position is not whether we are going to join, but when we are going to join," he told an American-European friendship group at a luncheon. But "that is an answer we can't go on giving indefinitely."

The two ministers' remarks, coming as Britain prepares to take over the rotating chairmanship of the Council of Ministers from the Netherlands on July 1, raised fresh speculation that sterling would join the exchange-rate mechanism of the EMS.

Mr Nigel Lawson, the Chancellor, voiced his support not long ago for joining the Community's foreign exchange mechanism.

The EMS was founded in 1979 as means of bringing the Community's currencies closer in line and ultimately achieving a single currency.

Sir Geoffrey added that some reasons for remaining outside the EMS had diminished, such as sterling's status as a petro-currency now that oil prices had plunged.

"There are still some reasons which remain, and these perhaps are based as much on the habit of not belonging as anything else."

In the Lords Lord Young said that full British membership of the system had to be judged against the potential difficulties of sterling's role as an international currency, and the "strains caused by its continuing sensitivity to oil price changes."

Full membership would bring about significant changes in the EMS itself, because of the element of bi-polarity it would introduce into a system dominated by the West German Deutschemark, he said.

Lord Young was responding to pressure from a number of peers of all parties for early British entry into the exchange-rate mechanism.

Lord O'Brien of Lothbury (Ind), a former Governor of the Bank of England, said sterling would benefit from the cooperative support it would receive from other members of the EMS.

The Government's hopes to move toward completion of the EEC internal market during its six-month presidency, he added, implied considerable advances toward a united Europe, with closer harmonisation of fiscal and monetary policies and a consequent improvement in stability of exchange rates.

Lord Bruce-Gardyne (Con), a former Treasury Minister, said membership of the exchange-rate mechanism was more likely to increase domestic interest rates than reduce them, but this could be a short-term advantage if it corrected the looseness of present monetary policy.

Lord Williams of Elvel, from the Opposition Front Bench, said a Labour Government would not oppose full membership of the EMS provided it was compatible with the party's economic strategy.

Labour preferred to await developments and make a decision on sterling's role in the EMS after the General Election.

Higher lorry weight limit sought

By Lisa Wood

THE ROAD Haulage Association yesterday confirmed that most of its members favoured an increase in the maximum vehicle weight from 38 to 40 tonnes.

The association, which represents UK professional hauliers, was responding to the publication by Transport 2000, the environmental lobby opposed to heavier vehicles, of an internal report by the RHA's executive board.

The internal report discussed several options, including a campaign this year to increase the maximum weight to 40 tonnes or a low profile on the issue until after the next general election, to be followed by a vigorous campaign. Lobbying for an increase to 44 tonnes as soon as possible was also a possibility.

The report said that, of the association sections in favour of an increase to 40 tonnes, the majority preferred to keep a low profile until after the next general election.

It added that the board believed the Government would make no concessions on maximum vehicle weights in the foreseable future, but that the matter should be raised with the Government.

Miss Susan Hoyle, executive director of Transport 2000, said "Nobody seriously believed that the lorry lobby would be satisfied with 38 tonnes, but it appears they won't stop at 40. This country doesn't need heavier, larger lorries. It needs lorries which fit our towns and cities."

Company profits at 25-year high

COMPANIES had their most profitable year for 25 years in 1985, according to Department of Trade and Industry figures.

The net real rate of return on capital employed for all industrial and commercial companies is estimated to have risen from 11.7 per cent in 1984 to 12.5 per cent, the best rate of return since 1960.

If North Sea activities are excluded, company profitability rose from 6.6 per cent in 1984 to 8 per cent last year, the best rate of return since 1973 but still well below the average of more than 11 per cent recorded in the early 1960s.

Labour to fight SRO immunity

By Nick Bunker

LABOUR MPs will next week try to block government proposals to give legal immunity to the self-regulatory organisations which are to police London's financial community.

Government amendments giving immunity to the SROs have been tabled for next Wednesday's Commons report stage debate on the Financial Services Bill.

Mr Bryan Gould, Labour trade spokesman, said yesterday the amendments went "much further than is necessary" in rendering the SROs immune from lawsuits.

He said it would be "quite wrong" and would frustrate the bill's main objecive of investor protection if aggrieved individuals were unable to sue for damages resulting from an SRO's failure to carry out its duties.

Mr Gould and fellow Labour MPs have advocated limited legal immunity for SROs to protect them against lawsuits from the businesses they will regulate. Such businesses could otherwise use litigation to obstruct disciplinary action taken by an SRO.

Granting legal immunity to SROs was opposed by Mr Michael Howard, the minister in charge of the Financial Services Bill, during its Commons committee stage in February.

Partial recovery in BA Atlantic traffic

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS traffic, which like that of other airlines has been hit this summer by the reluctance of US tourists to visit Britain in view of the weaker dollar and fears of terrorism after the bombing of Libya, is recovering.

The airline says that the latest figures, for the week ended last Sunday, show an improvement on the previous week on the North Atlantic route by 6 per cent, to 44,098 passengers.

While this is encouraging, the airline admits that it means that traffic is still some 13 per cent down on the comparable period last year.

British Caledonian said Los Angeles and New York were showing good load factors.

Mr Joe Goasdoue, senior BA general manager, market centres, said: "While there are encouraging signs, we have a long way to go even to return to 1985's business levels, and that is not enough for our needs.

"Though we have cut capacity on the worst affected routes, our emphasis is on positive marketing measures to attract more customers, like the Go For It, America campaign."

This involves giving away free 5,600 seats each week (June 10) on BA flights to the UK in a lottery designed to encourage more transatlantic travel.

Mr Goasdoue said "More promotions are planned, but we cannot hope to recover the business already lost this year, which means we have to attack costs with vigour and imagination."

Courtaulds endows fellowship

COURTAULDS textiles group is to endow a fellowship at Kingston Polytechnic's school of fashion as part of its commitment to fashion design.

The three-year fellowship will be held by Mr Gordon Richardson who spent four years with Daniel Hechter in Paris and Sabre in the UK.

Optica may win big Canadian order

BY OUR AEROSPACE CORRESPONDENT

OPTICA INDUSTRIES, the light aircraft manufacturer in Salisbury, is likely to get a contract for 16 of the company's Optica observation aircraft from Mr George Payne, a Canadian businessman who has already ordered four of the machines.

Mr Payne will re-sell the aircraft in north America through his Payne Aviation Industries in Toronto.

The £140,000 Optica, called the "bug-eye" because of its wide-angle view cockpit, is designed for slow flying, making it suitable for surveillance tasks of all kinds.

Four were ordered by Mr Payne after he saw one of the aircraft on display at the Vancouver Expo '86. The further 16 aircraft will be acquired over the next three years. The total deal will be worth more than £2m to Optica Industries.

The UK company, originally called Edgley Aircraft, was rescued fror receivership earlier this year by Mr Alan Haikney, a Hampshire businessman, who seubsequently restructured the organisation and renamed it.

Optica Industries employs about 100 at its airfield at Old Sarum, near Salisbury. Earlier this week the company handed over its first aircraft to Mr F. Simpson, a Bournemouth businessman, of Claymore Air Services.

Geevor miners in protest to industry minister

Financial Times Reporter

CRNISH tin miners gave Mr Peter Morrison, Minister of State for Industry, a rowdy reception when he visited Camborne, Cornwall, yesterday.

A 20,000-signature petition was handed to him by placard-waving Geevor miners from Pendeen, near Penzance, amid shouts of "Thatcher's puppet."

The Government announced its rejection of the mine's application for a £25m grant earlier this week.

The minister said any new application from Geevor would be carefully studied, although nothing was at present on the table.

He gave no indication of the chance of success of the plea by Rio Tinto Zinc—which owns three tin mines in the Camborne and Truro areas—for £50m government assistance.

A decision would be given in five weeks, Mr Morrison said.

About 1,000 RTZ miners are working out 90-day redundancy notices which expire on August 1.

Geevor mine closures have meant the loss of 375 jobs in the West Cornwall area, where unemployment has been predicted to rise to nearly 50 per cent in some parts.

ECONOMIC DIARY

TODAY: EEC Foreign Ministers meet informally in The Hague to prepare for summit (until June 8).

TOMORROW: Mr Hu Yaobang, Chinese Communist Party General Secretary, arrives in London for five-day visit. Mr Mikhail Gorbachev, Soviet leader, visits Budapest ahead of Warsaw Pact summit.

MONDAY: BIS publish annual report. Producer price index numbers (May-provisional). Credit business (April). Retail sales (April—final). EEC Education and Industry Councils meet in Luxembourg. EEC Agriculture Ministers hold informal meeting in The Hague (until June 10). European Parliament in session in Strasbourg (until June 13). International Whaling Commission conference in Malmöe (until June 13). FT Conferences: World electronics-strategies for tomorrow's markets, at Hotel Inter-Continental, W1.

TUESDAY: London and Scottish Banks' monthly statement (May). Provisional estimates of monetary aggregates (mid-May). EEC Research Council meets in Luxembourg. Warsaw Pack summit meeting in Budapest (until June 11). Disarmament conference resumes in Geneva. European disarmament conference begins 11th session in Stockholm (until July 8). Association of Chief Police Officers' annual conference in Torquay (until June 11).

WEDNESDAY: Mr Norman Tebbit, Conservative Party chairman, to address Press Association Lunch at the Savoy Hotel.

THURSDAY: Labour market statictics: unemploymeent and unfilled vacancies (May—provisional); average earnings indices (April—provisional); employment, hours, productivity and unit wage costs; industrial disputes. Provisional figures of vehicle production (May). EEC Environment Council meets in Luxembourg (until June 13). Labour Party National Executive continues hearings against Liverpool militants (until June 13).

FRIDAY: Tax and price index (May). Retail prices index (May). Construction output (first quarter). Building Societies' monthly figures (May). Usable steel production (May). Twenty-four-hour general strike in Argentina.

Chrysalis reaches deal on recording rights

CHRYSALIS GROUP, the music publisher and promoter, said yesterday it had agred to waive its rights to any new recordings from Spandau Ballet, the pop group, in return for an undisclosed sum. The rights to the existing catalogue of the group's recordings remain with Chrysalis as part of an out-of-court settlement.

Dublin wants Ulster moves in autumn

BY HUGH CARNEGY IN DUBLIN

THE IRISH Government has put out clear signals that, although satisfied with the Anglo-Irish agreement so far, it wants from the inter-governmental conference in the autumn concrete measures to meet nationalist grievances.

Since the agreement was signed a little more than six months ago, the conference has met five times. But, faced with relentless and frequently violent Unionist opposition, it has produced little to tackle alienation within Northern Ireland's minority Catholic community. One of the agreement's main aims was to act on this

The issues mainly concern reforms in the administration of justice and security forces, repeal of the Flags and Emblems Act that restricts display of nationalist insignia, and greater recognition of the Irish language and culture.

Dublin is anxious that nationalists should not become disillusioned by the slow progress and drift towards the IRA and Sinn Fein, which oppose the agreement.

Also, there is understanding of the difficulties facing the British Government in trying to overcome Unionist reaction. Neither side, for example, expects progress towards setting up a local, power-sharing administration, at least until early next year.

Mr Peter Barry, the Irish Foreign Minister and joint chairman of the London-Dublin conference with Mr Tom King, the Northern Ireland Secretary, told the Irish parliament this week: "I would wish to see a lot more done more quickly, but I am a realist."

Irish cabinet ministers discussed the issue on Thursday and were reported to have agreed that some measures must flow from the agreement in the autumn.

TI shuts plant in north-east with loss of 440 jobs

BY NICK GARNETT

TI MACHINE TOOLS is closing its factory at Blaydon near Newcastle with the loss of 440 jobs and concentrating output at its Coventry plant.

The company, whose manufacturing operations have been making losses, said yesterday it had excess capacity and needed to reduce overheads and improve productivity.

Blaydon's output of the Churchill computer numerical controlled lathes will move to the Midlands site which produces the Matrix range of lathes, machining centres, cylindrical grinding and threadless grinding machines. The Churchill name will be retained, as will the full range of machine tools.

The transfer will create 190 jobs at Coventry and the company hopes many of them will be filled by Blaydon workers.

The closure is another employment blow for the north-east.

In the past month 3,400 job *losses have been announced* at shipbuilding and marine engine sites in the region and a further 800 at Northern Engineering Industries nuclear plant and turbine generator divisions.

Demand for machine tools in the UK has risen significantly since the trough of the early 1980s. Total sales of £413m in 1983 rose to £504m in 1984 and the Machine Tool Trades Association estimates 1985 sales of £560m. Employment in the industry has stabilised at about 32,000.

Of this market imported machine tools accounted for more than £300m, excluding many components and machine carcasses imported for British-assembled machines. Foreign manufacturers—mainly West German, Japanese and American—account for two-thirds or more of sales for many types of machines.

TI's machine tool operations have a turnover of about £25m which the company expects will remain relatively constant. Sales have been good recently, particularly in export markets.

Under Mr John Wareing, who became managing director in January last year, TI's machine tool activities have already undergone some reorganisation.

The Blaydon and Coventry plants were merged into one company, new managers introduced and the product range simplified. Last year TI dropped the Herbert name which it gained after taking over the Alfred Herbert lathe group product range in 1983.

GRE raises small car premiums

By Eric Short

MOTORISTS with smaller cars, who are insured with Guardian Royal Exchange Assurance, will pay higher premiums from the start of next month, after a big review of premium rates by the company.

Drivers of larger cars will find their premiums reduced.

A mature driver (aged 30-54) of a Volvo 760 GLE, living in Cornwall, on full no-claim discount will pay 14 per cent less—from £246 to £211. The owner of a Austin Maestro 1300, living in outer London, faces an 18 per cent rise, from £133 to £157.

GRE has made three across-the-board increases in the past two years, making 27 per cent in all. These achieved the required overall correction but resulted in individual ratings getting out of line.

Mr Ernie Doole, GRE's assistant general manager (underwriting), emphasises that the review was done mainly to get the correct ratings, not to raise premium income or to recapture the market share *lost* by GRE during the past few years when the number of motorists it insured has slipped from 1.25m to fewer than 1m.

Lisa Wood explains the context of Cadbury Schweppes's drive into a US market

Hard battle for domination in soft drinks

THE BATTLE for market shares in the global soft drink industry is bubbling vigorously.

"There is *so* much going on in bottling and brand-ownership," says Mr Dominic Cadbury, chief executive of Cadbury Schweppes.

This week the company announced it was acquiring the *Canada Dry and Sunkist brands* of RJR Nabisco, the US food and tobacco group.

The acquisition represents a further consolidation in the US industry. This trend is also evident in much of the rest of the world.

Last month, Cantrell & Cochrane, Allied Lyon's soft and alcoholic drinks subsidiary, based in Dublin, bought Dwans, an Irish soft drinks business owned by Beatrice Foods of the US. *The acquistion takes* its share of the Irish soft drinks market to 30 per cent.

For Cadbury Schweppes, the addition of Canada Dry and Sunkist (with annual sales of 1.8bn litres), will double its global sales volume to about 3.5bn litres, nearly 3.5 per cent of the international soft drinks market. This will consolidate the company's third place in the international league table behind Coca Cola and PepsiCo of the US.

The *acquisitions* will ultimately cost C$140m (£68.5m), after Cadbury Schweppes has sold the North American bottling plants of Canada Dry to Coca Cola. They will assist the company's drive for international sales but it is the foothold in the US that is of immediate concern.

The US soft drinks market, worth $30bn (£20bn) a year, accounts for about 40 per cent of total world sales of soft drinks. The US now consuming more liquid in soft drinks than water, downing 149 litres of fizzy soft drinks a head every year, compared with 73 litres in West Germany, 40 in the UK, 27 in France and 25 in Italy.

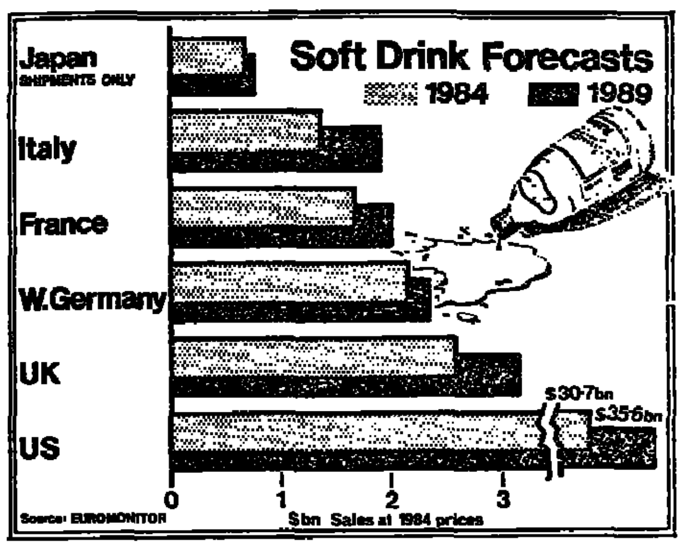
Cadbury Schweppes sees a big opportunity in the US because Coca Cola and PepsiCo have concentrated on colas. A strong market is seen for Cadbury Schweppes' mixer drinks, such as tonic and ginger ale, and now Canada Dry.

Coca Cola commands 39 per cent *of the US soft drinks* market. This will go up to 46 per cent if federal regulatory bodies approve Coca Cola's agreed bid for Dr Pepper.

Coca Cola's world share is 42 per cent.

Trying to improve its profit margins in a retail business dominated by supermarkets, Coca Cola has changed the bottlers of more than 50 per cent of its US volume since 1981.

Also, in a bid to increase the *total market, Coca Cola has been* introducing new brands—such as Diet Cola, Cherry Cola and caffeine-free Cola—in what it calls its "megabrand" strategy.



This is being spread to western Europe, an area Coca Cola sees as having potential for growth of volume and earnings, given its comparatively low consumption of carbonated drinks.

West Germany is Coca Cola's biggest European market. Its brand accounts for about 40 per cent of all carbonated drinks sales there. As part of Coca Cola's effort to reduce costs, the number of franchise bottlers is being reduced, with a concentration on larger plants.

There are now 90. *Many* bottlers have come together in joint equity ventures to build four large canning plants for Coca Cola.

Mr Karl Neupert of the central European division of Coca Cola, said: "The soft drinks business is not a seller's market because of the tremendous concentration of purchasing power in the food and drink trade. Many small bottlers are not able to meet their needs. All the industrialised nations have practically the same situation."

"A substantial percentage of soft drinks . . . used to be consumed outside the home," said *Canadean*, a *consultancy* to European food and beverage industries. "But there has been a swing towards purchases from the supermarket for home consumption. So, because of intense competition, prices have come down as consumption has gone up. The amount by which this has occurred varies from country to country but the trend is clear.

In the UK this change, coupled with overcapacity, has resulted in the price of carbonated drinks falling, in real terms, during the past five years.

Companies have been seeking marriages with similar parties. Cadbury Schweppes recently announced it is to form with Coca Cola a joint enterprise to produce, distribute and market their joint brands in the UK.

Coca Cola has a new development at Milton Keynes with what it describes as the fastest can-filling line in Europe, with a capacity of 2,000 cans a minute.

The new enterprise will give the companies a 25 per cent joint share of the £1.75bn UK fizzy drinks market.

"We are all fighting for a share of the stomach," said Mr Ib Randrup, managing director of Coca Cola UK.

As to whether the consolidations of the past year would continue, he said: "There is a movement in that direction. But there has to be an upper limit because of the sheer market size that the major companies are now commanding. The authorities may not allow them to grow further."

Lunn Poly to expand

BY JAMES McDONALD

LUNN POLY, part of the Thomson Travel organisation, is to open more than 50 holiday shops by the end of this year, bringing its total throughout the country in high streets and shopping malls to more than 260.

In terms of retail outlets, Thomas Cook is well in the lead with 421 travel shops in the UK. Pickfords ranks second with 253 and Lunn Poly third with 210 shops.

The Lunn Poly expansion could put it into second place but it is understood that Pickfords also intends to open extra travel shops.

In January, Pickfords paid between £5m and £10m for Lunn Poly's business travel division but it did not involve the sale of high street travel shops.

APPOINTMENTS

Chairman designate for ICI pharmaceuticals

ICI has appointed a new chairman of its pharmaceuticals division. Mr David Friend takes over the role and that of principal executive officer of the ICI international pharmaceuticals business on April 1 next year. He is president of the pharmaceuticals group of ICI Americas Inc, and succeeds Mr Peter W. Cunliffe, who retires on March 31 1987. Mr Friend joined ICI in 1959 in the pharmaceuticals *sales function, he bacame a product* manager in 1965 and went on to become pharmaceuticals manager for ICI Japan and general manager of UK Pharmaceuticals Marketing. He held several senior posts in the ICI international pharmaceuticals *business before being appointed* to the pharmaceuticals division board in 1977 as European director, becoming international marketing director in 1984. He moved to ICI's US pharmaceuticals operation in February 1985. He rejoins the division as chairman designate on September 1

*

SCOTTISH TELEVISION has appointed Mr Alan Chilton, director of sales and marketing, to its main board.

*

Professor Roland Smith, who last month stepped down as chairman of House of Fraser, has been appointed chairman of PHOENIX PROPERTIES AND FINANCE. Professor Smith, who listed 17 directorships including five chairmanships in last year's Directory of Directors, was appointed chairman of Hepworth Ceramic Holdings last April.

*

Mr J. R. Ferard has been appointed to the board of R. K. CARVILL & CO.

*

TURNSTALL SECURITY, wholl-owned subsidiary of Tunstall Group, has appointed Mr David Huddart technical director. He moves from TMC, a subsidiary of Philips, where he was technical product manager.

*

Sir Derek Barber has been reappointed chairman of the COUNTRYSIDE COMMISSION *for a third term until December* 31 1989.

*

Major-General F. J. Plaskett, director-general of the Road Haulage Association since 1981, has become a part-time (non-executive) member of the board *of BRITISH RAILWAYS, London* Midland Region.

*

ASHBY & HORNER has appointed four new technical directors: Mr Reginald Budgen (buying), Mr Robert Mansell (contracts), Mr David Rutherford (special works) and Mr Roy Clements (marketing).

*

Mr Alan Fayers has been appointed a director of SIEBERT/HEAD. He was previously manager of the finished art department.

Nurses plan to campaign against Tory re-election

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE TRADITIONALLY non-political Royal College of Nursing has served notice of its intention to campaign openly against the Government *in the run-up to the next general election.*

The move, described by the 250,000-strong non-TUC union as a declaration of "sophisticated warfare," will add considerably to the Government's problems over National Health Service policy.

The RCN, which describes itself as Britain's fastest-growing union, has become increasingly active on political issues. *It has skillfully* tapped the well of public sympathy for nurses with tactics such as the £250,000 newspaper advertisement campaign mounted earlier this year on introduction into the NHS of general managers.

In its fresh campaign, the union says it will support "politicians and parties who recognise the need for a strong and effective health care system and who appreciate the worth and wishes of the caring profession."

The challenge to the Government follows the Cabinet's decision not to implement fully the award of the nurses' pay review body. The award, due from April 1, will not be paid until July 1 — so reducing its average worth this year from 7.8 per cent to 5.9 per cent.

Because of this, the RCN's ruling council has decided to set up an all-party parliamentary panel, to launch a "*public* awareness" drive on nursing matters, to publish a study on NHS funding and, most important, to draw up a "nursing manifesto" outlining the *demands on which the union* will campaign in the pre-election period.

Announcing the plans in the latest issue of Nursing Standard, the RCN journal, the union says: "What the Government did with this year's review body proposals is not going to be forgotten by the profession."

It goes on: "The profession's response to such treatment will continue to gather momentum *in the form of an ordered and* synchronised strategy which will certainly and inevitably climax at the next general election."

The union says nursing has suffered a series of body blows. The last two annual pay awards had been "interfered with" and the manner in which general management was introduced was unsatisfactory. But the profession has emerged "stronger, leaner and politically meaner."

The union warns: "There are a great many nurses in this country and the Government would do well to heed them when they say they feel they have been let down once too often."

The RCN, which has a no-strike rule, has formally asked the Prime Minister to reconsider the decision to delay this year's pay award and has invited TUC-affiliated nurses' *unions to join its campaign.*

Senior civil servants accept 6%

By Our Labour Correspondent

LEADERS OF the First Division Association, the union for senior civil servants, yesterday accepted the 6 per cent general Civil Service pay settlement after winning three further concessions.

The 8,000-strong FDA had held out against the deal, accepted by other unions, on grounds that it did nothing to close the gap between its members' salaries and those *in the private sector.*

Yesterday the union's executive committee decided the further concessions, though small, were enough to justify acceptance. Mr John Ward, *FDA general secretary*, said: "They are improvements we would not have had if we had not taken the stand we did."

The three concessions are: abolition of the minimum scale point on grade 5 (formerly assistant secretary); agreement to a review of salary rates at grades five and six and seven (formerly principal and senior principal); and improvements in leave entitlement for late entrants to grades five and six.

Seamen defeat motion against ballot cash

BY DAVID THOMAS, LABOUR STAFF

THE NATIONAL Union of Seaman is likely to join the list of unions ready to accept *government money for its* ballots.

At its conference in Liverpool yesterday the NUS defeated a motion opposing the taking of monew for ballots.

Opposing the motion, Mr Sam McCluskie, NUS assistant general secretary, said that the congress in September of the Trades Union Congress was likely to abandon entirely its opposition to taking govern*ment ballot cash and that an* incoming Labour government would probably keep many of the provisions of the law.

The NUS is left-led. Most unions which have decided on accepting ballot money are right-led.

Meanwhile, the conference of the National Communications Union at Blockpool voted by 98,231 to 50,454 on a card vote not to take government money for its ballots.

The NUS voted decisively not to go ahead with a referendum of union members on the issue of amalgamation with the Transport and General Workers' Union.

Amalgamation talk has been in the air for some time.

Mr McCluskie told the conference that the NUS was financially stronger per capita—in spite of its declining membership—than the TGWU and that the TGWU had not offered sufficiently good terms when the issue was last discussed by the two unions.

The NCU, the largest union in British Telecom, voted against holding merger negotiations with the Union of Communication Workers, the largest union in the Post Office.

The vote by 76,394 to 75,932 was much narrower than a similar vote last year, but the opinion at Blackpool yesterday was that it was a significant blow to the long-mooted merger.

Speakers against amalgamation argued that the NCU needed time to settle down after the merger last year of its engineering and clerical sections.

● The NCU conference decided that its auditors, Nash Broad, the chartered accountants, *should investigate allegations* of irregularities during the recent executive elections in which the right defeated the sitting broad left executive in an almost clean sweep.

The allegations of irregularity centre on the distribution, against union rules, of unofficial literature during the elections.

Sam McCluskie: TUC likely to abandon its opposition

BT code on VDUs disappoints

By David Thomas

BRITISH TELECOM, one of the largest users of visual display units in the country, has introduced a code of practice on these which is weaker than one demanded by its unions.

BT will soon increase use of such units as it completes the computerisation of its services to customers.

Unions at BT have been pressing the company for agreement on safeguards since 1984, but it took the view that work with VDUs poses no health hazards.

The unions failed to win the company's agreement on three main demands:

● Regular eye tests for VDU operators.

● The absolute right of preg*nant women not to work on* VDUs.

● Specific limits on the time an individual shall work on VDUs during a day.

However, the new code goes some way to meet the unions' demands.

It allows initial eye tests for VDU operators, states that, in general, the staff should not spend whole days on continuous VDU work and commits managers to use their best endeavours to transfer pregnant women to non-VDU work, if requested.

Electricians break off talks on pay and conditions

BY HELEN HAGUE, LABOUR CORRESPONDENT

THE ELECTRICIANS' union, the EETPU, has broken off pay negotiations with the Electrical Contractors Association, the employers' negotiating body for the industry.

Mr Paul Gallagher, the union's executive member responsible for the sector, said the decision had been taken in the light of the ECA's formal response to the unions' claim. He branded it as "insulting."

The sector's joint Industry Board, which negotiates pay and conditions for 32,000 electricians, was to meet again next week.

However, the EETPU has cancelled the meeting, and called a special session of executive members involved in the sector for Monday.

The present agreement is open-ended. As part of its claim, the EEPTU wanted it to terminate at the end of July, to be replaced with a one-year agreement.

The union's claim included a £4 an hour rate for qualified electricians and increases in board and lodgings allowances.

The Electrical Contractors Association wants a review on the increase in self-employed electricians in the trade. The union is resisting any attempt to bring self-employed members into the current round of wage bargaining.

Mr Gallagher said yesterday: "There is no basis whatsoever in the offer we have received from the employers for any new agreement. We are outraged,

Government allows deferment of NHS tendering scheme

BY OUR LABOUR CORRESPONDENT

THE MANDATORY competitive tendering programme in the National Health Service has been relaxed for the first time after unions representing workers employed by Liverpool Health Authority agreed cost savings of £1.9m a year.

The Government announced yesterday it was raising no objection to the agreement by which Liverpool, the fifth-largest health authority, will defer until 1989 invitation of tenders for cleaning, catering and laundry work.

Health authorities are required by September this year to have put all such work out to tender. So far, no authority has been allowed dispensation.

However, contractors say they are increasingly unable to cope with the volume of tender invitations they are receiving.

A key factor in the Government's decision on Liverpool seems to have been that only one company submitted a bid when the authority put its first contract out to tender.

The £1.9m annual savings agreed by the unions in Liverpool represent almost 25 per cent of costs of ancillary services at the authority's 17 hospitals and clinics. The target will be achieved by cutting working hours and by some voluntary redundancies, though NHS pay rates and service conditions will be maintained.

Contractors typically maintain minimum NHS pay rates but scrap or reduce substantially other terms such as holiday and maternity leave entitlement, sick pay and bonus.

The Department of Health and Social Security said in a statement yesterday that the circumstances at Liverpool were "very exceptional." The authority had without success made considerable efforts to test the commercial market.

"The circumstances have been reported to ministers who have instructed the regional (health authority) chairman to monitor the position very closely and keep them fully informed," the statement said.

Although the DHSS said the Liverpool decision did not detract from the national tendering programme, it undoubtedly represents an important change in the Government's approach. Other health authorities are likely to seek similar dispensa*tion if they can reach agreements with the unions on cost* cuts.

Some contractors will also welcome the chance to bid for work at a later date: earlier this week, it was disclosed that Exclusive Health Care Services, the third-biggest company in the sector, had decided to stop tendering for the time being because of the congested state of the NHS programme, begun in 1983.

Latest official figures indicate that 36 per cent of contracts had been decided by the end of March this year. Of these, 121 had been won by contractors at an average cost saving of 36 per cent.

Another 292 contracts had been retained in-house under open competition from contractors at an average cost saving of 26 per cent.

Unions boycott opening of BSC's £30m steel line

UNION LEADERS at Shotton steel works yesterday boycotted the official opening of a new £30m production line at the plant.

The men are angry that Mr Nicholas Edwards, Secretary of State for Wales, was invited to perform the opening and say it would be morally wrong of them to share a platform with him because he has been part of a government which closed steelmaking at the plant in 1980 with the loss of 6,000 jobs.

The decision to refuse invitations to attend the ceremony was taken by the 25-strong steel committee who say they *are making the gesture on* behalf of thousands of their former colleagues, many of whom are still out of work.

Yesterday's opening is said to mark a new chapter in the 90-year history of the Shotton works, which is now the operational headquarters of the BSC's coated steels organisation.

The new line will produce *200,000 tonnes a year* of a coated steel product, galvatite, which is much in demand in the car, domestic appliance, construction and engineering industries. It represents the second largest BSC investment since the worldwide steel recession of the late 1970s, and is seen as a confidence vote in the future of the plants and its 2,200-strong workforce. Since the steelmaking closure, production at the works has been stepped up from half a million tonnes a year to three-quarters of a million tonnes.

TUC to launch schools project

BY OUR LABOUR EDITOR

THE Trades Union Congress is to launch an initiative to promote trade unionism among school pupils. Some senior trade union leaders recognise that interest among those at school in joining trade unions when they leave is often low, with unions seen as having a poor, outdated image. They have long argued that unions make insufficient effort to counter this.

The TUC is to co-sponsor, with the school curriculum industry partnership, a centre for trade union studies in schools.

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Voters prefer more butter

PRESIDENT REAGAN and Mrs Thatcher talk like a mutual admiration society, but their economic policy rhetoric has up to now been very different. The President cut taxes in the hope that the revenue would follow; Mrs Thatcher talks of cutting taxes but ostensibly waits until there is enough revenue in sight to finance the cuts. Indeed, even though Mrs T's actual policies are a good deal less tough than her words, and have relied heavily on windfalls from the North Sea and from privatisation, her basic instincts really do seem to be thrifty.

However, it now seems that the high road and the low road, as in the song, lead to much the same destination. The President is running out of fiscal credibility, as growth obstinately lags behind his bullish budget forecasts, while in Britain the Government is temporarily short of windfalls, as the oil revenues have collapsed and the privatisation programme is going less than smoothly. Both leaders are therefore trying to mount a defence of their tax cuts, achieved or projected, against legislators who tend to be protective of public spending.

The comparison cannot be pursued too far. In the US the social security base is far smaller than in the UK, and is in any case inviolate by mutual agreement. The real battle is over regional questions—farm support, and above all federal support for state budgets. The US constitution has always tended to favour lobbies, and the President himself speaks boldly for the most expensive of them all, the military-industrial lobby. Congress is asking the President which of his treasures he is prepared to sacrifice—lower taxes or higher military spending.

Majority support

In Britain the social services lobby seems to have solid majority support. This paternalist trait has been identified by Mr Correlli Barnett, the historian, as a root cause of the British disease; if this is so, Mrs Thatcher has failed in seven years of office to cure it. Opinion polls show that British voters, by a very large margin, want improved social services even if this means paying higher taxes, and when the Chancellor speaks of a moral duty to reduce the tax burden, he arouses no encouraging echo.

Mrs Thatcher also faces a problem which the President has escaped through his willingness to borrow boldly: a level of unemployment which is now the leading political issue. The same voters who are so protective of the schools and the health service also feel that the Government has a moral duty to do something for the long-term unemployed. Since the total is now rising ominously again, after an interval of near-stability, this is also an issue which will be dinned into MPs every time they visit their constituencies.

In both countries the battle is at this stage largely rhetorical. The trends of public spending in Britain, and of the federal deficit in the US, will be a great deal clearer than they are now by the time the hard decisions have to be faced in the autumn. It must seem very unfair in Downing Street that things at the moment seem to be working out better for the free-borrowing President than for the thrifty Prime Minister.

Rearguard action

The initial figures for the US fiscal balance have been unexpectedly encouraging, given the disappointing growth rate. This is partly, no doubt, because US Treasury outlays respond quite quickly to falling interest rates, since so much of the deficit consists of service on a swollen and largely short-term public debt portfolio. In the UK, where the burden of straight debt is much smaller in relation to national income, and of a longer average life, any relief is modest and slow to appear. On the other hand public sector pay, especially that negotiated by the largely Opposition-controlled local authorities, is running ahead of budget.

This does not mean that there is a public spending crisis; the generous contingency reserve in the spending plans was put in place with just such developments in mind. It does, however, mean that there is little room for manoeuvre. Since the British public services, especially the hospitals and universities, have developed highly effective tactics against the Reaganite cash pressure which the Government has deployed to encourage efficiency, something will have to give to satisfy worried MPs. Otherwise treasured local hospitals and colleges will be ostentatiously closed.

What probably will give in both countries is defence spending. In the UK, the Government can claim, with the endorsement of the Public Accounts Committee, that here at least it is securing better value for money; the money saved, and perhaps some more, will no doubt be diverted to more popular causes without too much argument. In the US, by contrast, there is something like confrontation between the President and the legislators over Star Wars and other expensive items. The President is fighting a rearguard action—his popularity against the well-known tendency of democracies to prefer butter to guns.

JUST as Mr Richard Branson was preparing this week to accept the Prime Minister's invitation to leap into the Whitehall den, Mr Victor Paige was writing the speech which explained why he was leaving it.

If the highly successful founder of the Virgin empire is to add a clean-up of Britain's streets to his list of achievements he could do worse than to chat with the departed head of the National Health Service, or any of the other businessmen who have been called in at one time or another to fix problems, from waste in Whitehall to the ownership of British industry.

Foremost among those who must be counted successes, or at least, survivors are Lord Young, Employment Secretary, and his brother Stuart, who was Thatcher's choice to chair the BBC. They typify the sort of businessman most admired by her—middle class by education and training (Lord Young qualified as a lawyer, his brother as an accountant), ambitious, successful, self-made.

David (later Lord) Young became involved with Thatcherism initially when directing the Centre for Policy Studies and as an adviser to Sir Keith Joseph at the Department of Industry. His rapid promotion to chair the Manpower Services Commission gave him the chance to apply his business acumen—he had been a property developer—to a body which is one step removed from the traditional Whitehall department.

He got things done, notably steering training more towards the needs of the market. He introduced vocational education and experience into the schools curriculum within nine months—some say it would have taken years left to the Department of Education. And he did unpopular things, like closing down a lot of Skill-centres.

He was rewarded with a Cabinet post.

Mr Branson is unlikely to be setting his sights so high but he might also like to know why some stumbled—like Mr Paige and Mr Montagu Alfred, brought in by Michael Heseltine to run the Property Services Agency (PSA).

BUSINESSMEN IN WHITEHALL

The trials of Mr Fixit

By Hazel Duffy

Richard Branson, pop entrepreneur who heads Virgin Records and the Virgin Atlantic airline, appointed to lead job-creating clean-up campaign this week

Lord Rayner, seconded from Marks and Spencer as chief of defence procurement 1971-72. Adviser to Mrs Thatcher on efficiency 1979-83. Now chairman of M & S

Montague Alfred, former chairman British Printing Corporation, chief executive of Property Services Agency 1982-84. Left amid row over his handling of corruption within PSA

Peter Levene, managing director of defence contractor United Scientific Holdings until appointed chief of defence procurement last year. Row over £95,000 salary

Mr Peter Hennessy of the Policy Studies Institute believes there are three crucial elements in the successful formula: "The right sort of ministerial patron who can pick the right sort of businessman (or other outsider) and a civil servant who can hammer the permanent secretaries into making sure that the system works with them."

On two of these counts the Paige appointment was never promising. Mr Fowler is not the most formidable of Mrs Thatcher's ministers and Mr Paige himself was not the most obvious man for the job—he had no experience in the health business, unlike Mr Peter Levene who came from the arms industry to head up the Procurement Executive at the Ministry of Defence and is reckoned to be pretty successful.

Nor did Mr Paige fit the self-made businessman mould. Unlike Lords Young and King, who was brought in to sort out British Airways, he cut his business teeth in the rambling assortment of companies which made up the National Freight Corporation before it was denationalised and at the disastrously antiquated Port of London Authority.

A comparison from the 1950s illustrates the point even more vividly. Harold Macmillan, Minister of Housing, asked Percy (later Lord) Mills (owner of a housebuilding company), and Evelyn (later Dame) Sharp (senior civil servant at the Ministry), to help him replenish much of Britain's ageing housing stock; at the time a hot political issue, which enabled Macmillan to make his mark.

On a smaller scale, Michael Heseltine, when at the Environment Department, brought middle managers in to form the Financial Institutions Group, to focus swiftly on inner city problems. It had some success, perhaps because Heseltine was a minister who understood business and how much could be expected of it.

But Whitehall is often difficult terrain for businessmen. Mr John Lawrence, managing director JEL electronic control systems, was one of five advisers brought into the energy conservation programme by Mr Peter Walker, the Energy Secretary.

"After about six months, they realised we had something to contribute," recalls Mr Lawrence. "I think we have drawn together outside interested parties, like the nationalised industries and provided a focal point for the equipment suppliers. There are obstacles, but we plough on where civil servants tend to back off." The outcome is that things can happen more quickly than when left to the bureaucracy.

Taking the civil servants with you is the first thing to work on. It was something that Mr Alfred at the PSA did not manage (unlike one of his predecessors, Sir John Cuckney).

Then there is the sheer scale of government business, the variety of pressures that have to be taken into account before decisions are made, and the high public profile implicit in these decisions—ingredients that are not the normal fare of business.

Some of the businessmen most closely associated with Mrs Thatcher, like Lord King and Mr Ian MacGregor, thrive in this atmosphere, certainly for as long as they have the Prime Minister's support. She chose well with these men to get a job done that could not be accomplished by somebody who was already in the establishment and hopes to repeat the formula with Mr Graham Day at BL. But there is no surefire recipe; Mrs Thatcher's choice of David Young has worked while Edward Heath's decision to catapult into the Cabinet John Davies—who was head of the Confederation of British Industry—did not.

Sometimes, civil service jealousy is a major problem. Some of the civil servants working for Mr Tony Benn at the Industry and later Energy departments resented the powerful role that he accorded his advisers. But Sir Jeffrey Sterling, chairman of P&O, brought in by Patrick Jenkin at Industry to advise on privatisation, did not try to jump over the civil servants. Working to the minister, but at the same time with the officials, he seemed to strike a balance which has evaded some holders of this delicate role.

Perhaps it was important that he kept his power base outside—in industry. By contrast, Sir John Hoskyns, a businessman brought in by the Prime Minister to head her policy unit, left after three years bitter at his failure to change government and Whitehall.

One of the most ambitious of Mrs Thatcher's appointments was that of Lord Rayner—who had successfully designed the procurement executive for Edward Heath in 1971—to make the civil service more efficient.

Of a very different mould to many of the Thatcher businessmen, Derek Rayner, besides his proven business prowess, had the personal advantage—rare in the private sector—of actually enjoying the public service. But this was a job which required him and his team of civil servants to eat into the marrow of Whitehall culture. He set in train a programme which has identified savings of over £700m, although the actual achievement of those savings is running at only about half that figure.

In the longer term, the more far-reaching Rayner reforms will probably enjoy at best moderate success. It is noticeable that all the key members of his team have since left Whitehall for the private sector.

FEW OF Alec Monk's customers will have heard either of him or the company of which he is chairman. Yet Monk heads up what is now one of Britain's largest and most influential food retailers, with more shops than Tesco, Sainsbury, Asda, and Marks & Spencer combined.

Monk, the son of a Welsh baker, moved into such exalted company earlier this week when his company, the Dee Corporation, bought the Fine Fare supermarket chain in a deal worth £686m. In five years he has created what it took the Sainsbury dynasty more than a century to achieve.

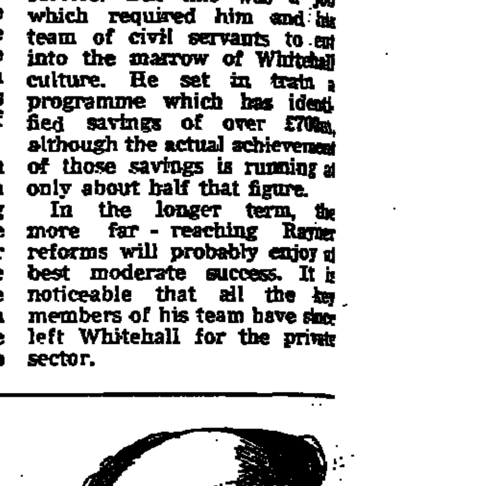
Unlike the judicious and prudent expansion of the Sainsburys, Monk has assiduously bought small retail food chains floundering in the difficult market conditions of the 1980s and forged them into an effective retail operation.

In style, he lacks the charisma of a Conran or the solidity of a Sainsbury, but there is no doubt that his methods work. With Fine Fare, Dee will have over 1,100 stores trading under the Gateway and Carrefour banners, and total retail sales of about £3.5bn this year.

Man in the News: Alec Monk

Five-year sprint to Division One

By David Churchill



Monk has achieved this with the simple—but classic—retail expedient of providing a market with goods people want to buy.

He realised that the move by the major chains into ever-larger supermarkets and superstores, often located out-of-town where parking is easiest, had left behind people who either had no access to a car or did not want to buy in such bulk.

Existing high street food retailers, however, were poorly equipped to compete with the majors. Years of steep inflation in the 1970s—when it was easier to raise prices than achieve growth through productivity gains—had left many small multiples with poor control of costs and margins.

Monk, however, saw the possibilities for bringing basic business techniques—such as firm cost control—to the sector.

Now 44 and chubby, he spent his early career (after Oxford) with Esso before being poached by RTZ. At 31 he was on the main board and, under the tutelage of Sir Val Duncan, Monk put together some of the largest international mining projects of the early 1970s. After Sir Val's premature death, Monk left to broaden his business experience with four years at AEA Investors, the influential US private investment company.

He was brought back to the UK in 1981 by Linfood Holdings, a dull cash-and-carry operation with a few retail stores which was ripe for a predatory takeover. Monk saw off the first challenge—from James Gulliver's Argyll group—and set out on his own takeover trail, renaming the company after Frank Dee, who owned some of the original Linfood supermarkets.

Monk's strategy was to break away from cash and carry sales—which supplied the diminishing independent grocery sector—and to concentrate on food retailing. After a series of small takeovers, he was eventually baulked last year in a ally baulked last year in a long-running attempt to buy the Booker McConnell food and retailing group.

During the Booker battle, however, Monk found time to make a major step forward in grocery retailing by acquiring the once-famous International Stores chain from BAT Industries. That move took him to the top of the second division of British food retailing while this week's Fine Fare acquisition firmly puts him among the big time of the first division leaders. Early this year Monk went international, buying the Herman's sporting goods chain in the US.

Although ostensibly cast in the same mould as other retail entrepreneurs of the 1980s such as Ralph Halpern, Sir Terence Conran, and James Gulliver, Monk is actually quite different from his contemporaries. "He is the money man, the one who puts all the deals together, but doesn't know a thing about retailing," says a senior supermarket rival

Monk, in fact, does not strongly disagree with such an assessment. "My role is clearly to bring together a team of specialist retailers and provide them with the means to do their job, while I and my other colleagues look after the finance and acquisition opportunities, and keep the whole group co-ordinated," he says.

Now, he believes Dee needs to consolidate Fine Fare and other recent acquisitions. "We need to carry people with us and that will take a good year," he says. "I wouldn't rule out a golden opportunity for acquisition if one arises, but I don't think we will be making any more major moves in the UK until we have digested Fine Fare."

Others think the acquisitive habits gained over the past five years will prove impossible to hold in check.

David Marsh talks to people living beside the world's largest fast-breeder reactor

France's nuclear hot-spot

"MOUNT ETNA is sure to erupt one day; here, we hope it will never happen." Mr Jean-Francois Bonnard, the mayor of Creys-Pusignieu, a rural district of 500 souls in the grassy uplands of South-east France, chooses without rancour, and even with a shade of satisfaction, to describe his village as living at the foot of a volcano.

Mr Bonnard presides over a patch of the country which, in nuclear terms, represents—potentially, at least—the hottest spot in France.

A couple of miles down winding country laness from his spruce town hall, a turn-of-the-century converted presbytery, the 1,200 MW multinational Superphenix fast greeder reactor squats like a bloted beetle on the banks of the Rhone.

The site of violent anti-nuclear demonstrations in 1977, the Creys-Malville plant was a flash-point of controversy when the names of Chernobyl and Three Mile Island were nothing but obscure entries in international atomic energy handbooks.

The world's biggest operating fast breeder reactor—burining a mixture of plutonium and depleted uranium normally discarded by the nuclear industry—has finally, after long delays, been connected to the grid since January. The FFr 25bn plant is planned to build up to full power this summer.

But, even in the wake of the Soviet nuclear disaster, the plant is no longer a matter for undue comment for local residents.

The reasons help explain why France, in sharp contrast to Britain, West Germany and the US, has had few difficulties in putting into place its nuclear programme over the last decade — and why the Chernobyl mishap is unlikely to have much impact on the further build-up of French N-plants.

For a people whose emotions are often reputed to be easily roused, the French man or woman in the street adopts a remarkably hard-headed attitude towards nuclear power.

They also have a considerable—some might say excessive—confidence in the technocratic planners who have steam-rollered ahead the nuclear programme during the last 15 years.

Superphenix emits not so much rads or rems — radioactivity near the plant is currently running at below levels in Paris — but rolls of banknotes for the local economy.

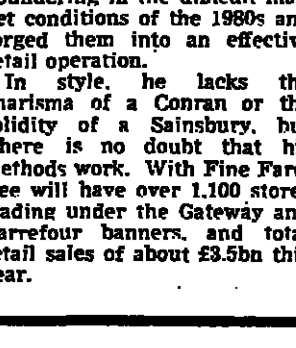
Nearly half the municipality's annual budget of FFr 7m comes from the proceeds of the *taxe professionelle* employment tax paid by construction and engineering companies working on Superphenix. During the 10-year construction period, these tax proceeds have swollen the district's coffers by about FFr 25m.

"We have done a lot of useful things," says Mr Bonnard, mayor since 1977, who recalls that when he joined the council in 1971, it was spending only FFr 300,000 a year.

The whirring of cement mixers outside the town hall underlines the point. The late 19th century church is being renovated with funds which would not have been available without Superphenix.

Thanks to the fast breeder, Creys-Pusignieu boasts a new sportsfield, meeting hall and sewage system.

Nersa, the holding company which owns the plant, in which the main shareholders are the European utilities Electricite de France, ENEL of Italy and RWE of West Germany has also spent money on housing in the area, even though most Superphenix employees live in larger towns nearby such as Morestel.



Mayor Bonnard

Malville, the hamlet downhill from Creys, and situated just a plutonium pellet's throw across the pastures from the Superphenix plant, has less visibly shared in the bonanza.

A mother of two at a somewhat rundown Malville farm says the Chernobyl accident has made her worried about the effect of the plant on children and cows. She asks me nervously whether radiation leaves marks on the body — but rules out any question that younger people might move away from the area.

The strongest negative reaction seems oneof resignation. "It's all the same to me," says Mrs Marthe Duclaux, an elderly woman out for a stroll with two companions. She comes from Lyons 40 miles away, spends her summers in a Malville house lined with climbing roses, and admits that many holiday-makes do not take too kindly to Superphenix.

But, pointing out that any cataclysmic nuclear accident would have effects spreading well beyond Malville, she says cheerfully, "If I stayed in Lyons, the risk would be the same."

Across the Rhone in the village of Flevieu, the 270 feet high concerte dome housing the Superphenix reactor, looms directly opposite on the far river bank. Atop the mustard-yellow steam generator buildings, eight sodium-air ventilation chimneys grope towards the sky.

At the local bar the patron concedes that the reactor has "changed the physiognomy of the landscape." But the increase in passing traffic from EdF and elsewhere has been good for business. "Are they afraid in England?" he asks.

Mr Andre Moiroud, the mayor of the local commune which includes Flevieu, regrets that, being in a different departement from Creys-Pusignieux, his municipality has failed to rake in any of the employment tax proceeds—although it will start to share in the windfall from 1988 onwards.

"Nobody is afraid here," he says. "At first, people thought the plant was a bit bizarre. Now it is part of the scenery."

The power station is still contested on both economic and safety grounds by the country's small anti-nuclear movement. Formally classified as a prototype by Electricité de France, Creys-Malville produces current at 2.5 times the cost of the country's network of pressurised water reactors.

Ecologists claim that the unprecedentedly large and complex sodium cooling system containing 5,000 tonnes of the spontaneously-combustible molten metal — in addition to the plutonium fuelling poses a unique hazard.

Nersa, however, says that the high cost of the plant is partly due to massive and elaborate safety systems. One of the ways under which EdF hopes to reduce the cost of future fast breeders is to remove one of the plant's multiple shielding structures.

EdF, which operates the plant on behalf of Nersa, has a reputation for being a "good neighbour." It organises information sessions twice a year with about 40 local mayors.

EdF also organised a local meeting three weeks after the Chernobyl accident to discuss nuclear safety. About 120 people attended, of whom two-thirds, according to Mr Bonnard, were ecologists from outside the immediate vicinity.

Out of the 600 operating personnel at Superphenix, none lives in the Creys Pusignieu commune, although about 30 people from the municipality are employed by companies which work at the site. Mr Bonnard's own 10-employee building company was given some Superphenix contracts early on in the construction phase.

The lure of jobs is the main reason why both Mr Bonnard and Mr Moiroud favour the building of a second fast breeder —the much-mooted Superphenix-2 — on the same site.

At the peak of activity in 1983, Superphenix employed 3,400 construction workers, many of them lodged nearby and bringing considerable amounts of money into the area.

Mr Bonnard does not think that the risks of living near a fast breeder would be significantly increased if there were two reactors rather than one. But he admits: "One can't say there will never be an accident; all human activity carries risks."

In the wake of the Chernobyl disaster, he believes that EdF will tighten its safety standards even more. Yet he employs the same language as the chairman of EdF or the head of the Commissariat a l'Energie Atomique to justify why there can be no turning back along France's chosen nuclear path.

"France has to buy oil from the emirs. If we had no nuclear energy, I don't know what we would do."

مكتب ارحل

Colombia's Nevado el Ruiz volcano

A second threat of vengeance

By Robert Graham in Panama City

OLCANIC eruptions are ong the most fearsome of ural phenomena, both be- se of their destructive force because of the near impos- ility of controlling them. . . re is no real protection er than evacuation of the as under threat."

hese stark words provided introduction to an official ort on the risks of the ombian volcano, Nevado el z. It was released almost a nth before the volcano pted on November 13 last r, melting part of the ice and producing the most des- tive mud flow ever. About 00 people were killed, the sperous town of Armero was erated and damage put at m was caused.

he mighty volcano, which 5,400 m in the central e of the Andes, is again ly volatile. Volcanologists 24-hour watch expect an- er eruption: perhaps on a er scale. Up to 40,000 ple are directly at risk and many as 500,000 could be ted by a big explosion. e of Colombia's richest agri- ral land is also under at.

ismologists can predict with more than 30 per cent ability, the behaviour of anoes and in view of that, Colombian Government decide whether to uate large numbers of ple for an indefinite period to rely on warnings and rgency evacuation pro- res in the event of an tion.

November the warnings e too late and were largely eeded. Even now the rgency warning system is ed by faults. At the same e neither the people nor the orities are willing to under- evacuation because of the nse scale of the operation the fact that there is no cer- y of the volcano's continued ity.

rprisingly, there have been recriminations over whether ple could have been uated before the November tions. Survivors tend to upon the disaster as an act ate and talk abounds of ence from God for the mur- of a priest in Armero.

evado el Ruiz is not a typical ano rising in an elegant . It sits atop a series of n, richly vegetated foothills has a large plateau above snow line that contains craters. At this time of , the volcano is often nded by dense cloud obscur- the plume of smoke which been rising as much as s above the mountain.

e volcano, one of 45 that active in Colombia, has a documented history with the last eruption occurring in 1845. The present increased activity dates from late 1984.

By last July the first monitoring instruments were in place and the government was sufficiently concerned to set up a special monitoring station in Manizales, 25 kms away. In October a risk map was published.

Dr Hans Meyer, a Colombian seismologist who helped set up the monitoring facilities, heard the explosions on November 13 in Cali, 210 kms away. "It sounded like a large amount of dynamite in a very confined space: a dry and very strong sound—not like the rolling of thunder," he said yesterday. It was heard up to 320 kms away.

The disaster was produced by pyroclastic flows—a rapidly moving ground-hugging mix of gas and hot rock that was ingested by the ice cap which melted, causing the mud flows. The flows coursed down two principal rivers on the east and west sides of the mountain.

"Up to 8 per cent of the ice cap melted," says Dr James Zollweg, of the US geological survey, which has been helping monitor the volcano. "It released the equivalent of an area a square kilometre wide and 150m thick that moved at 30 kms an hour."

Within two hours this lethal mixture reached and overwhelmed Armero, affected 22 other municipalities and damaged 440,000 hectares on both sides of the mountain. (The land damage was also caused by ash fall.) The death toll was five times greater than that in any previous mud flow disaster.

More than 50 seismologists, volcanologists, geochemists and volunteer science students under the auspices of the Colombian Geological Institute, Ingeominas, are involved in monitoring the volcano. The Colombian Air Force is helping in transportation and observation. "With the equipment now installed we should have up to two hours' notice of an eruption," says Dr Meyer.

Volcanic activity is recorded on six telemeters that produce tiny jerky lines on smoked paper — movements that look like irregular heart-beats. The silence and minuteness of these movements are in eerie contrast to the minority of the forces they are recording.

"You must understand that the eruption on November 13 was small, of the type that happens about 15 times a year around the world," says Mr Zollweg. "The blast at Mount St Helens in Washington state on May 18, 1980 was 2,000 times bigger."

"The present state of activity since early May indicates the likelihood of a future eruption at least as large as before, perhaps bigger . . . the only thing that could change matters is that the ice cap may now be covered by thick ash and pyroclast, making a shield that would not melt so easily," says Dr Meyer.

There are four basic risks from the volcano:

- Mud flows from a further melting of the ice cap;
- Pyroclastic flows formed of gases and hot rock:
- Explosions that produce falling rock:
- Ash falls.

The government's biggest difficulty is that the danger area is very wide. This is because up to 10 rivers feed off the snow cap of Nevado el Ruiz and its slopes. They run down both sides of the mountain chain into two important river systems — east into the River Magdalena and west into the River Cauca.

The eastside (that of Armero) is the most vulnerable to mud and lava flows because the terrain flattens more quickly and there are more communities on low ground. Parts of Honda (pop 60,000), Mariquita (pop 20,000) and Guyaval (pop swollen to 6,000 by Armero refugees) are at risk.

On the other side, the valley round Chinchina is most in danger. Manizales with a population of 250,000 is safely perched on a hillside but is nevertheless exposed to ash falls. Rich agricultural land, including prime coffee producing areas round Chinchina also could be affected by ash—the national coffee research centre at Chinchina was virtually destroyed in November by a mud flow.

Until recently the Colombian authorities were concerned only with ensuring a smooth outcome to the May 26 presidential elections. Indeed the national press only put the renewed activity of Nevardo el Ruiz on to the front pages after the elections.

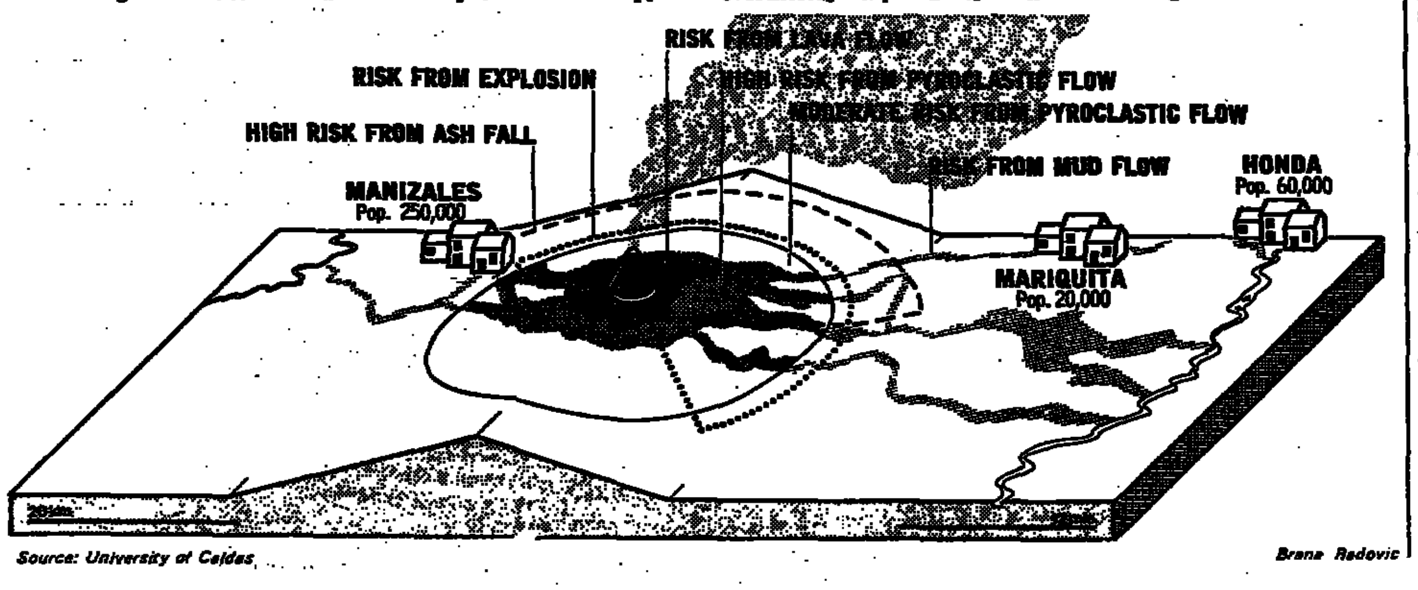
The observation centre at Manizales has agreed with the Government three stages of alert which require presidential approval — yellow, orange and red. The volcano's activity is now at its January level when a brief red alert was posted.

In theory, evacuation should not present problems if it is for a brief period. There is plenty of accessible high ground. But the road network is limited and can easily be blocked by panicking drivers.

In the past three weeks Nevado el Ruiz has been so active as to be dangerous to approach, and aerial observation has been hindered by cloud. "It could just rumble on and then die down," says Dr Meyer.

The head of the local voluntary civil defence force, Lt-Col Rafael Perdomos Silva has a different problem. "How long can we keep people permanently on the alert without them becoming indifferent?"

The observatory in Manizales feels it has a duty to warn, but equally the people know that they risk being blamed if their warnings are unheeded. The situation is a little like the boy crying wolf. People could become immune to the danger, and end up like the unfortunate inhabitants of Armero who chose to take advantage of the rich soil laid by the previous eruption in 1845. They ignored that they were living under a volcano.



Source: University of Caldas

Mr Hu's visit to Europe

Long march in the shadow of Deng

By Robert Thomson in Peking

NO MATTER where he is, Hu Yaobang, the fitness-conscious Chinese Communist Party general-secretary, whose long march to power has had the violent ups and downs characteristic of China's leaders, makes a point of walking at least 10,000 steps each day and often wears a pedometer to help him keep count.

On Sunday, Mr Hu, diminutive in the mould of his pragmatic mentor, Deng Xiaoping, who is the only man to pull rank on him, arrives in London for a 15-day European tour that is as much a part of his leadership self-development programme as an opportunity to pump foreign flesh and consolidate relations.

The 71-year-old party boss believes that one should "widen one's view" by seeing the world, though he has not been a diplomatic trailblazer for China. The trip is only his second to the West.

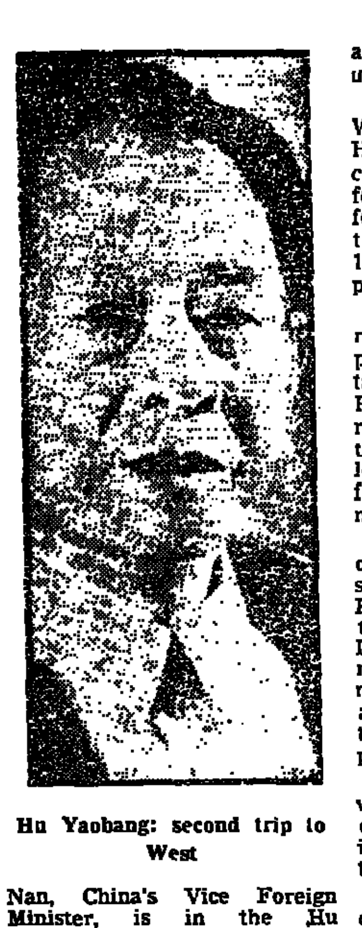
Ebullient and unpredictable, Mr Hu has already made clear to his British, West German, French and Italian hosts that he is not the person with whom to discuss economics at length. His role will be to open the way for improving political and cultural ties.

He has conceded that this lack of economic knowledge is a "shortcoming," but it will be more of a problem when Mr Deng departs from the political scene, and Mr Hu takes over, as most diplomats expect. These diplomats doubt that he has the stature to fill completely the Deng void.

Visits by senior leaders to China are no longer a novelty, and some Chinese leaders, in particular, the premier, Zhao Ziyang, are well-travelled.

These days, relations with most of western Europe are not hindered by what the Chinese call "problems left over from history" or "obstacles." Hong Kong was a "problem left over from history," while Sino-Soviet relations have "three obstacles" in their path: Soviet support for the Vietnamese occupation of Kampuchea, the Soviet invasion of Afghanistan and the mass of Soviet troops on the Chinese border.

It is worth noting that Zhou Nan, China's Vice Foreign Minister, is in the Hu entourage. He headed the Chinese negotiating team for Hong Kong, and will no doubt discuss the territory's future with British officials.


Hu Yaobang: second trip to West

An influential Vice-Premier Li Peng, is also going along for the ride. Mr Li is an energy and communications specialist.

The line-up would seem to leave little room for surprises, but with Hu Yaobang anything is possible. If the party boss was an American, he would probably be labelled "zany." Unlike most Chinese leaders, Mr Hu is prone to wild gesticulation and equally wild statements.

He proved last year that "loose lips sink ships" when remarks he authorised about the non-nuclear nature of US warships due to visit Shanghai led to the indefinite postponement of the port of call, and much bilateral embarrassment.

Another unusual habit is his tendency to make major policy announcements in the most unusual places.

During his stay last year in Wellington, New Zealand, Mr Hu revealed that China would cut back its 4m-strong military forces by a quarter, and he gave foreign policy-makers palpitations during a visit to Japan in 1983 when he spoke of serious problems in Sino-US relations.

Doubt lingers over how much respect Mr Hu has within the party and particularly, the military. It is said that elderly People's Liberation Army generals were displeased at the thought of Hu Yaobang as their leader, so Mr Deng has been forced to remain the titular military head.

Certainly Mr Hu has had the opportunity to cultivate party support, having moved to Peking in 1952 with Mr Deng to head the Communist Youth League. Previously the two men had fought together in the north-west Taihang mountains, and in 1949, they marched victorious into Mr Deng's home province of Sichuan.

The Deng connection has worked in his favour, though during the Cultural Revolution it became a ticket to persecution.

With the revival of Deng came the rehabilitation of Hu Yaobang, who was the product of peasant stock and taught himself to read—his present living quarters in the Zhongnanhai leadership compound are lined with books.

He also has the disconcerting habit of giving dinner guests fine silverware instead of chopsticks, and is known to like French cuisine.

Mr Hu headed the propaganda department after 1976, and later criticised Mao for the excesses that led to the chaos of the Cultural Revolution. Intellectuals have since praised him for working hard to restore their reputations, though an unusually strong statement against press freedom last year led to a re-evaluation of his stance.

If nothing else, the Chinese leader is refreshing in his excitability and spontaneity. The thought of seeing new countries and of lunching with the Queen at Buckingham Palace next Wednesday have no doubt stirred his still active mind.

Letters to the Editor

Still going strong

From Mr H. Button

Sir,—When I was in London the other day I saw a huge van belonging to the Shore Porters' Society of Aberdeen. It bore the inscription "Established 1498." Is there any business in the United Kingdom with an earlier date on its vehicles or notepaper? There are several [illegible] businesses on the Continent. They mostly owe their longevity to alcohol in one form or another.

[illegible] G. Button.
[illegible] Court,
[illegible] Road, Cambridge.

A nuclear trigger

From Dr P. Rowland.

Sir,—Would you incorporate a chemical time-bomb in a nuclear reactor? And then expend time and money on building enormous walls around to withstand it? According to David Fishlock's report (June 3), our Government (with others) is proposing to do exactly that.

The PWR (Pressurised Water Reactor) which the Central Electricity Generating Board wants to build at Sizewell would:— contain an explosively reactive metal in contact with water and have an extremely high power density. Either of these is a recipe for disaster: together, words fail one.

When hot and under pressure, water is a highly reactive chemical. So is the metal zirconium. It is the material that has replaced magnesium in photographic flash bulbs ("cubes"). At moderate temperatures it is protected by a thin film of oxide, but when hot and at high pressure it reacts catastrophically. It caused the explosion at Chernobyl. It started to react at 3-Mile Island.

The power density in a PWR is twenty to thirty times that in, say, an advanced gas cooled reactor. When things go wrong and coolant is lost, it heats up with uncontrollable rapidity. It is inherently unsafe.

The PWR is a nuclear trigger plus a chemical bomb. We cannot possibly have one in this country.

(Dr) P. R. Rowland.
76 Ruskin Walk, SE24.

Water companies and users

From the Director, Company and Environmental Affairs, Confederation of British Industry

Sir,—It is important to clarify where the Confederation of British Industry stands on the privatisation of the water authorities in the light of the comments made by John Daly, General Secretary of Nalgo, in his letter of June 2.

We certainly believe that a standard level of price control (the retail price index minus X), as proposed in Professor Littlechild's consultative document for the Government, would favour some of the new water companies and disadvantage others. This would clearly have implications for both shareholders and customers.

The CBI will be seeking further discussions with the Government and the water authorities to ensure that any conflicts of interest between the new water companies and other water users are resolved. Industrial companies would not be content for the environment control functions to remain solely in the hands of the privatised bodies.

We support the Government's plan to regulate the new companies through licences supervised by a director general of water services (DGWS), but he must have the terms of reference and resources to protect fully the interests of all customers. In addition to price control, the DGWS must have a role in ensuring that standards of service and long term investment are properly maintained.

With these provisos, the CBI believes that privatisation of the water authorities should allow them freedom to manage their businesses more effectively outside the constraints of the PSBR which have led to sharp increases in charges for some consumers in recent years.

Graham Mason.
103 New Oxford St WC1

Lawyers and customers

From Mr M. Bernstein.

Sir, — Thanks primarily to you and Cyril Smith MP, the "Spanish practices" of the legal profession in relation to barristers and solicitors have been aired for the public to see.

In the course of the public arguments we have read special case pleadings from both sides of the legal profession: from those who want to maintain the traditions and those who want to change them, and the letter from Mr Robert Alexander, QC (June 3) is just another example of self-interest. What else would be expect Lord Justice May to say but to extol the use of the special interest group from which he came and from which all judges are drawn?

With apologies to the lawyers for introducing an unknown concept, it is relevant to point out that all manufacturing and service industries (those who pay the lawyers), depend for their very survival on marketing, is finding out what the customer wants and then making it or providing the service. Why not ask the barristers' customers what they think of the existing situation: what they think of paying 1986 prices for 1788 service?

Barristers can completely ignore their customers' preferences only because they have a monopoly. Neither they nor the judges are going to see that cosy situation altered unless they are forced.

The Conservative Government advocates reduction or abolition of monopoly powers as a matter of policy. Does then the fact that so many members of that Government are themselves barristers mean that an exception is to be made for "the boys."

Melville Bernstein,
38, Sea Rd, Wallasey, Wirral.

Capital gains as income

From Mr J. Bremner.

Sir,—Is Anthony Harris (May 31) serious in suggesting that capital gains should be taxed as income, so that there would be "hardly any distortion (of investment patterns) left?"

The investment patterns he refers to are exclusively corporate; no mention is made of the existing distortion of personal investment by CGT. Amalgamating capital gains with income—and thus pushing many basic rate taxpayers into higher brackets—might be lucrative for the Inland Revenue, but is unlikely to increase the attraction of investing in shares rather than property.

Treating capital gains as income only makes sense if the shares are held for very short periods—effectively acting as a speculative base for increasing disposable income—rather than as long term security for future capital outlay. It is the long term investor who would suffer most at the hands of Mr Harris.

The Chancellor has gone some way towards redressing the equity/property imbalance (though not towards unlocking existing "frozen" share portfolios) with his proposals for personal equity plans, which effectively reduce CGT to zero on qualifying shares. Perhaps he is more enlightened than Mr Harris would care to admit.

John Bremner,
45b, Gayton Rd, NW3.

Taxation of husband and wife

From the Joint Chairman, Basic Income Research Group.

Sir, — The choice between transferable and non transferable income tax allowances (Michael Prowse, May 29), is a choice of evils, because neither satisfies the criteria of both equity and ability to pay.

Transferable allowances, as proposed in the recent Green Paper, would favour legally married couples at the expense of single people. But with the non-transferable allowances favoured by the Institute for Fiscal Studies and Mr Christopher Johnson, single wage couples would be taxed on incomes well below the poverty line, the tax threshold falling from £70 to about £45 a week. There are of course many reasons other than the care of children or old people why one or other spouse may not be in paid work, and it would be almost impossible for the Inland Revenue to draw up regulations which treated single wage couples equitably.

Fortunately there is a way out of this dilemma. If instead of tax allowances each individual were entitled to a guaranteed basic income or convertible tax credit, the problem could resolve itself. The basic incomes would be completely neutral between married and single, because the tax/benefit unit would be the individual. But that is not all. Where own income is nil a basic income automatically converts into a cash benefit. Thus it is able to tackle the problem of financial dependency and/or poverty both inside and outside marriage.

Basic incomes would be tax-free, but all other income would be taxable. The initial result, as with transferable income tax allowances, could be to discourage some people (especially married women) from entering the labour force. The solution is to reintroduce some form of earned income tax relief, not just for married women but for everybody in paid work.

The basic income option was excluded from serious discussion in the Green Paper because of the Government's preference for a system which emphasises the difference between claimants and taxpayers. Of course there will always be a difference. But we are looking for a system which unifies rather than divides and which provides income support on the basis of assessed basic need, not work or marital status.

Hermione Parker,
36, Bedford Square WC1.

High quality education is not cheap

From the Principal, London Business School

Sir, — The message from the University Grant Committee's decision on grants for 1986-87 has been confusing for most universities, but especially so for business schools.

London was judged better than average in all its research areas, with the Institute of Finance given one of the "stars for excellence." Nevertheless, its grant was cut by the maximum 0.5 per cent, apparently because of the move to equalise student funding on a cost-per-head basis across all universities, taking little account of differences between teaching undergraduates and graduates. Manchester Business School suffered the same percentage cut.

This treatment comes at a time when, from all quarters of government and industry, there have been exhortations to increase the quality and quantity of formal management education in the UK to enable the country to compete with its principal rivals — all of whom put considerably more resources into management education than we do.

Furthermore the UGC is itself planning for an increase in postgraduate numbers at business schools by the 1990s. Its proposal for London involves an increase of 25 per cent to 355 students.

What conclusions are business schools to draw from this double think? London is not so heavily reliant on the UGC for its livelihood as most other academic institutions. It already earns some 70 per cent of its income from private industry, mostly in the form of fees paid for executive courses and for research projects undertaken. The UGC money that it gets is used to support the masters programme and we still badly need this if we are to expand in the manner now expected of us. Cuts will not in themselves bankrupt business schools, but they will seriously distort their pattern of operations.

Is it not time that the Government came clean and recognising that high-quality education is not a cheap commodity, then addresses itself to the question as to who should pay and in what proportion; the state, the consumer, the ultimate employer, or whoever? To make financial cuts year after year and expect quality and numbers to be enhanced at the same time is pie in the sky. We operate in an international market where quality is high and rising all the time. Government must lead the way in demonstrating how this can be achieved in the UK.

(Professor) P. G. Moore.
Sussex Place, NW1.

Woolworth forecasts 30% rise

BY CHARLES BATCHELOR

Woolworth Holdings, the variety store group which is fighting a £1.53bn takeover bid from Dixons, the electrical retailer, yesterday strengthened its defences with a forecast that pre-tax profits would rise 30 per cent to at least £105.5m in the year ending February 1987.

It forecast a rise in earnings per share from 39.1p to 43.7p on a fully diluted basis and taking an estimated tax charge for the year.

The Woolworth forecast, coming on the last day allowed under the takeover code for Woolworth to publish new information, is widely expected to trigger a higher offer from Dixons next week and the addition of a cash alternative to the current share-only offer.

Mr Geoff Mulcahy, Woolworth chief executive said: "This has now been dragging on for nine weeks. Dixons should put a realistic bid on the table or pack their bags."

Woolworth's profit forecast came on the day that Dixons announced that it had won acceptances from the holders of just 0.15 per cent of Woolworth's shares in addition to the 2.92 per cent already owned by the Dixon camp.

Dixon's extended its offer to June 19 but this does not prevent it raising its bid.

The High Street Woolworth stores are expected to increase profits from £60m to £73m before charging rental but after rental profits will nearly double—from £17.6m to £35m.

This will be largely a result of the introduction of the company's Focus policy concentrating its shores on six main areas of merchandise.

The company's out-of-town DIY chain, B & Q, expects to increase pre-rental profits from £34.2m to £46.8m. Comet, the electrical retail chain, expects to raise pre-rental profits from £13.7m to £19m.

Woolworth said its three merchant banks had valued Comet at more than £200m, at least £80m more than the price at which Dixons has agreed to sell Comet to Grenada in an attempt to avoid a reference to the Monopolies Commission.

Woolworth said these forecasts showed there would be a strong profit progression in each part of the group, particularly in the Woolworth High Street chain which would contribute one third of all group profits.

A property revaluation on an existing use basis showed a surplus of £70m over the 1985-86 book value of £628m, it added.

Dixons' merchant bank, S. G. Warburg, responded that the Woolworth forecast was lower than the £115m it had been expecting and it called on Woolworth to provide more details on profits in the year so far and expected sales levels for the year.

Dixons' shares fell 4p to 352p yesterday to value its offer at 688p. Woolworth's shares fell 15p to 840p, still well above the Dixons' bid level.

Christies plays down litigation

By David Goodhart

Mr Jo Floyd, chairman of Christies the fine art auctioneers, yesterday attempted to defuse anxiety about the US damages claim against it. He stressed that the £33m claim—which is roughly equivalent to its total assets—should be seen in the light of the US practice of claiming damages "greatly in excess of any likely reward."

The claim is from an investment fund alleging bad advice and is being vigorously defended by Christies.

Mr Floyd added that the case has been publicly known about for some time and the 1985 report and accounts stated that: "The directors do not believe that the outcome (of the case) will have a material impact on the group's financial position."

Yesterday he commented: "The directors have no reason to change the views stated in that note."

US funds group lift Lonrho holding to 7.8%

The New York-based mutual funds which have been building up a stake in Lonrho, the trading conglomerate headed by Mr Tiny Rowland, have increased their combined holding to 20.75m shares or about 7.8 per cent from about 18m previously.

Mutual Shares Corporation, Mutual Qualified Income Fund and Mutual Beacon, funds managed by Heine Securities, a Wall Street brokerage house, have a combined 20.62m shares.

The Heine family fund owns a further 110,000 while Michael Price and family have 17,600 shares. The three Mutual funds' interests are registered in the name of Bank of New York Nominees while those of the Heine and Price families are registered in the name of Productive Nominees.

Dowding in agreed £7m offer for Bootham

By David Goodhart

Bootham Engineers, the York-based mechanical repair specialist, is to be acquired by Dowding & Mills, the Birmingham electrical machinery repairer, in an agreed deal valuing Bootham at a little over £7m.

The directors of Bootham—who own 17.8 per cent of the share capital—together with other shareholders owing a further 40.2 per cent of the shares have irrevocably agreed to accept the offer so it seems unlikely to fail.

Dowding said yesterday that the two companies complementary activities—of electrical repairs and mechanical reclamation—will make the merged group a strong force in the USM national industrial repairs market.

Mr David Ashton, Bootham's chief executive, stressed that the jobs of the 360-strong workforce would be safeguarded and the company would retain its separate identity. Mr Peter Hollings and Mr James Cole, respectively chairman and managing director of Dowding, will join the board of Bootham—Mr Hollings as chairman.

Bootham also yesterday announced its first half results which saw pre-tax profits up £12,000 to £250,000 on sales up from £4.47m to £4.9m. The board said the overall performance of the engineering business was mixed and the results of Foxtons Garage was disappointing.

Dowding & Mills, which has 15 outlets in the UK, a subsidiary in Holland and associated company in Australia, made pre-tax profits of £3.5m on turnover of £25m last year.

The terms of the offer are 16 new Dowding shares for each Bootham share which values each Bootham share at 680p. There is also a cash alternative of 600p a share. Dowding will issue up to 16.7m new shares—about 20 per cent of the enlarged share capital.

Dowding fell 1p to 42p and Bootham rose 205p to close at 625p.

Lopex flotation fails to attract the investors

BY ALICE RAWSTHORN

THE STOCK market flotation of Lopex, marketing services group, was significantly undersubscribed. Lopex is the latest of a series of new issues to have failed in recent weeks.

Lopex issued 3.15m shares 23.8 per cent of its equity on the stock market. Its merchant bank, Kleinwort Benson, received applications for just 1.59m shares, 50.5 per cent. The company's employees took up their full allocation of 314,624 shares.

The issue was underwritten by Kleinwort Benson, brokers were Panmure Gordon.

"Naturally we are disappointed," said Mr John Castle, chairman and chief executive. "The new issues market has been very erratic lately and we were warned that there could be problems. Now it is up to us to prove that the market was wrong."

The most spectacular failure of recent weeks was that of the US cookie company, Mrs Fields, which, as the USM's largest-ever issue, attracted a blaze of publicity, yet received subscriptions for only 16 per cent of the shares. Earlier this week the issue for Blick International, the supplier of time recording equipment received subscriptions for 34 per cent.

There are two schools of thought in the City as to why so many new issues have failed within such a short time. Some analysts suspect that, after a series of successful flotations, many of the new issues have been over-priced.

"Quite simply too many relatively small, low profile companies have come to the market on too high multiples," said Mr Ian Stephenson, a director of the stockbrokers, Wood Mackenzie.

"Any company planning a flotation within the next few weeks has two choices, to postpone until the market is more receptive or to float on a lower multiple."

Other analysts are convinced that the market, especially the new issues market, has become saturated after a succession of flotations and of hefty rights issues.

"We have already had the British Telecom call and rights issues from heavyweight companies like National Westminster Bank, Saatchi & Saatchi, the Prudential, Burmah Oil and Harris Queensway," said Mr Nicholas Knight, equities strategist at stockbrokers, James Capel.

"The market just does not have enough funds to support all these issues and a series of new issues from small companies. In these circumstances it is the small companies that suffer."

A series of new issues have been scheduled for the next few weeks including the merchant bank, Morgan Grenfell, and the television companies Thames Television and TV-am.

● Despite the lack lustre market for new issues the stock market flotation of the property developer, Bredero Properties was 52 times oversubscribed.

Cifer back in black and plans more changes

Cifer, maker of computer terminals and microcomputers, returned to profits in the first half of 1985-86. Directors say the USM-quoted company is poised to carry out the next stage of its return to optimum profitability.

On turnover down by £600,000 to £3.05m for the 28 weeks to April 12 1986, a small pre-tax profit of £5,000 was recorded, against losses last time of £1.71m. Earnings per 10p share came out at 0.06p (10.98p loss).

The Wiltshire-based company fell into losses in the first half of 1983-84. Since then it has undergone two reorganisations.

Directors say of the period under review the strategy of concentrating on the specific customisation of the company's terminals has been the major factor behind the return to profits. They add that it is time to consolidate production and will be expanding at Melksham, with a possible increase in employment of 25 per cent, and phasing out the factory at Cwmbran, Gwent in the next four months.

The estimated cost is £390,000 to be shown as an extraordinary item in the year-end figures. It is expected that savings on overheads in the next 18 months will cover that amount.

Directors add that the company is operating well within its bank facilities and is able to bear the cost of this next stage in its reorganisation.

Operating profit was £252,000 (£1.46m loss) and interest charges were almost unchanged at £247,000. There was a tax credit of £5,000 (nil) and last time there was an extraordinary debit of £265,000.

RMC sees improvement

RMC's performance in the first six months would show an improvement over the comparable period last year, Mr John Camden, the chairman, told the annual meeting.

He said that in the first five months of the current year, out-puts in both the UK and Germany were in line with those of last year. Operations in Austria, France, Spain and the US had made a better start.

Reports from other annual meetings included:

Wace Group — Mr E. A. Pryor, the chairman, said the company's trading position was most encouraging and indications were that 1986 would be an excellent year. The performance of Bulls Frieson had exceeded the best expectations.

Wace had already identified a number of further potential acquisitions, but would only proceed if satisfied that they could meet the group's exacting requirements.

L. J. Dewhirst Holdings—Mr A. J. Dewhirst, the chairman, said results for the first half had been affected by one of the coldest and wettest Springs in living memory. He said the company was at a crucial stage and would need some warm weather to stimulate the sale of Spring and Summer merchandise.

For the first half, he expected sales in excess of £29m. That compared with £25.04m for the same period last year. Net investment income would be similar to last year, and the company expected net pre-tax profits to be in excess of £2.6m (£2.3m).

Piccadilly Radio lower

INCREASED Independent Broadcasting Authority rentals caused a slight fall from £201,268 to £185,597 in pre-tax profits at Piccadilly Radio in the six months to March 31 1986.

Turnover was little changed at £2.22m compared with £2.14m, and operating profits, before IBA rentals and Government levy, was £451,678 against £454,786. The increase in IBA rentals and levy was from £263,571 to £278,799. The pre-tax figure included investment income up from £10,073 to £12,998.

Mr Norman Quick, the chairman, says there is much debate about the future prospects for radio, and adds: "I am cheered that a common theme in the discussions is the need for a reduction in the burden of IBA regulation and rental.

"I trust that the Government will not permit the publication this summer of its Green Paper on radio to prolong, unduly, the current supervision and cost structure which is proving so debilitating."

He says the second half got off to a slow start, but current trading and immediate prospects are encouraging. The company's subsidiary, Piccadilly Sound and Light — set up last year — has started quite well and should yield a small profit in the full period.

The interim dividend on "A" ordinary shares is unchanged at 1.75p, and there is a same-again 0.875p per non-voting share. Stated earnings per "A" ordinary shares was 2.09p against 2.18p, and 1.04p (1.09p) per non-voting share. The company's shares are traded on the USM.

Matthew Brown challenges MMC decision in court

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Monopolies and Mergers Commission is facing another court challenge over its involvement in a takeover battle.

Matthew Brown, the Blackburn-based brewer, is taking the MMC to court next month over the Commission's approval last November of a £100m bid for Matthew Brown by Scottish & Newcastle Breweries.

In the event, the bid lapsed in December, following a Takeover Panel ruling that shares bought after the deadline on the closing day of the bid could not be included in the acceptances.

The expectation is that Scottish & Newcastle will mount a fresh bid.

In its judicial review application, due to begin on July 14, Matthew Brown will allege that the MMC breached the rules of natural justice by not giving the company an opportunity to comment on two matters raised in the reference of the bid to the Commission.

The first related to a comparison between the prices charged in Scottish & Newcastle tied houses and those of Matthew Brown.

The second concerns the MMC's approach to the issue of the concentration of ownership of public houses in Cumbria.

It will be the third time this year that the MMC has faced a court challenge to its procedures. In March, the High Court, in a ruling later upheld by the Court of Appeal, rejected a complaint by the Argyll Group that the Commission wrongly laid aside a reference to it of a bid by Guinness for the Distillers drinks group.

The following month, the High Court refused to grant Elders IXL, the Australian group that had made a £1.8bn takeover bid for Allied-Lyons, the food and drinks group, an order stopping the Commission disclosing to Allied-Lyons Elders' confidential plans for financing a revised offer.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Friday June 6 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thurs June 5 Index No.	Wed June 4 Index No.	Tues June 3 Index No.	Year ago (approx.) Index No.	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (214)	734.86	+0.5	8.17	3.33	15.58	7.81	731.24	724.87	726.98	543.04	753.28	30/4	567.56	14/1	753.28	30/4/86	50.71	13/12/74
2	Building Materials (26)	806.22	+0.2	8.45	3.49	14.99	8.06	804.71	794.97	801.08	531.61	844.79	4/4	613.05	23/1	844.79	4/4/86	44.27	11/12/74
3	Contracting, Construction (29)	1215.96	+0.6	7.95	3.93	17.23	18.56	1208.51	1191.54	1193.57	779.52	1228.76	2/5	911.08	23/1	1228.76	2/5/86	71.48	2/12/74
4	Electricals (12)	1962.44	+0.7	7.48	3.85	17.75	30.53	1949.11	1944.57	1959.99	1496.35	2092.98	21/4	1530.81	2/1	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1712.48	+0.8	8.67	2.69	15.30	9.80	1698.76	1677.08	1689.69	1474.95	1794.13	30/4	1387.58	24/1	2049.05	13/11/84	1229.81	8/10/85
6	Mechanical Engineering (64)	413.43	+0.4	9.24	3.84	13.73	5.94	411.94	411.57	412.24	312.73	422.95	18/4	316.63	23/1	422.95	18/4/86	45.43	5/1/75
8	Metals and Metal Forming (7)	358.35	+1.5	7.17	4.73	18.11	4.35	352.97	349.65	349.86	202.32	363.95	6/5	241.87	2/1	363.95	6/5/86	49.65	6/1/75
9	Motors (16)	303.65	+1.3	8.68	3.18	13.42	3.60	299.83	294.80	292.39	167.42	306.00	6/5	206.50	14/1	306.00	6/5/86	19.91	6/1/75
10	Other Industrial Materials (22)	1313.67	−0.1	6.30	3.04	19.08	13.80	1315.13	1311.29	1311.77	1015.00	1347.13	3/4	993.49	21/1	1347.13	3/4/86	277.55	15/1/81
21	CONSUMER GROUP (183)	909.20	−0.2	7.87	3.18	15.93	10.04	910.65	903.64	903.15	672.21	968.16	3/4	739.82	14/1	968.16	3/4/86	61.41	13/12/74
22	Brewers and Distillers (22)	928.38	+0.3	9.29	3.45	13.07	9.91	925.46	914.57	913.54	605.38	968.90	3/4	764.25	14/1	968.90	3/4/86	69.47	13/12/74
25	Food Manufacturing (22)	667.30	−0.6	9.36	3.88	13.92	9.72	671.09	664.71	665.32	505.89	702.63	4/4	549.51	14/1	702.63	4/4/86	59.67	11/12/74
26	Food Retailing (15)	1765.84	−0.9	7.26	2.76	18.72	13.07	1781.49	1783.53	1816.83	1604.34	1976.34	14/4	1629.03	21/1	1976.34	14/4/86	54.25	11/12/74
27	Health and Household Products (10)	1553.22	+1.3	5.42	2.17	21.74	6.52	1532.98	1524.46	1517.66	1103.47	1651.15	17/4	1175.61	14/1	1651.15	17/4/86	175.38	28/5/80
29	Leisure (25)	893.98	+0.1	7.83	3.93	16.62	14.01	893.25	879.44	879.41	692.07	968.51	2/4	731.17	24/1	968.51	2/4/86	54.83	9/1/75
32	Publishing & Printing (14)	2502.89	+0.1	7.80	3.96	16.09	28.02	2499.63	2458.54	2384.80	1801.59	2502.89	6/6	1834.16	9/1	2502.89	6/6/86	55.08	6/1/75
33	Packaging and Paper (14)	468.28	+0.6	6.88	3.31	18.21	4.64	465.28	457.33	457.08	336.00	476.31	7/5	362.52	9/1	476.31	7/5/86	43.46	6/1/75
34	Stores (42)	877.41	−1.2	6.64	2.74	20.55	9.17	887.81	879.54	879.00	649.87	984.64	3/4	707.79	23/1	984.64	3/4/86	52.63	6/1/75
35	Textiles (17)	536.77	−0.3	9.42	3.53	12.19	7.95	538.55	535.86	534.68	326.62	574.41	3/4	375.50	14/1	574.41	3/4/86	62.66	11/12/74
36	Tobaccos (2)	1077.52	−0.4	13.23	4.52	8.47	20.60	1081.57	1090.32	1090.32	864.10	1229.63	11/4	873.47	9/1	1229.63	11/4/86	94.34	13/6/62
41	OTHER GROUPS (86)	792.13	−0.2	8.50	3.75	15.13	6.70	793.50	790.68	791.94	708.97	859.53	4/4	696.16	21/1	859.53	4/4/86	58.63	6/1/75
42	Chemicals (19)	880.83	+0.4	10.40	4.62	11.65	17.24	877.57	877.88	874.54	768.26	955.30	14/3	729.24	14/1	955.30	14/3/86	71.20	1/12/74
44	Office Equipment (4)	263.92	−0.3	7.40	3.85	16.34	4.59	264.71	265.39	266.18	182.60	281.13	9/5	205.37	23/1	281.13	9/5/86	45.34	2/1/75
45	Shipping and Transport (12)	1538.28	+0.3	8.33	4.05	15.16	24.95	1534.25	1524.74	1530.77	1142.94	1677.64	3/4	1316.35	14/1	1677.64	3/4/86	90.80	29/6/62
47	Telephone Networks (2)	898.44	−0.5	9.17	3.60	14.95	0.93	903.39	894.45	893.91	884.69	1050.03	4/4	845.68	21/1	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (49)	1035.31	−0.2	6.43	3.25	19.34	7.13	1037.17	1038.94	1046.58	885.60	1053.25	3/4	866.26	9/1	1053.25	3/4/86	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	845.43	—	3.10	3.35	15.64	8.71	845.34	839.45	840.19	655.80	889.80	3/4	691.89	14/1	889.80	3/4/86	59.01	13/12/74
51	Oil & Gas (17)	1213.82	−0.4	16.82	7.43	7.10	40.56	1219.05	1216.32	1214.09	1132.04	1223.48	28/5	1093.63	20/2	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	878.18	—	9.03	3.79	13.36	11.21	878.50	872.82	873.33	696.02	917.63	3/4	727.53	14/1	917.63	3/4/86	63.49	13/12/74
61	FINANCIAL GROUP (117)	585.24	+0.5	—	4.48	—	10.46	582.11	579.82	580.34	473.40	629.86	4/4	507.50	14/1	629.86	4/4/86	55.88	13/12/74
62	Banks (7)	612.37	+1.0	19.12	5.54	7.26	14.03	606.30	609.54	613.47	464.61	707.33	20/3	517.21	5/2	707.33	20/3/86	62.44	12/12/74
65	Insurance (Life) (9)	804.69	+0.5	—	4.64	—	17.27	800.56	795.42	796.70	759.95	906.18	11/3	765.18	23/1	906.18	11/3/86	44.88	2/1/75
66	Insurance (Composite) (7)	475.15	+0.4	—	4.36	—	9.46	473.41	467.33	467.63	357.17	525.13	14/4	403.56	2/1	525.13	14/4/86	43.96	13/12/74
67	Insurance (Brokers) (8)	1166.07	+0.1	8.97	4.11	14.47	23.40	1165.15	1156.89	1146.29	1169.85	1315.27	12/2	1146.29	3/6	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	353.72	+0.8	—	3.17	—	1.94	350.88	345.72	345.70	230.04	374.09	18/4	277.36	24/1	374.09	18/4/86	31.21	7/1/75
69	Property (52)	768.68	+0.3	5.47	3.42	24.34	8.81	766.55	764.33	762.13	627.07	769.17	22/4	635.84	23/1	769.17	22/4/86	56.01	20/4/65
70	Other Financial (23)	347.57	+0.1	7.78	4.44	15.77	3.99	347.07	345.52	344.68	279.64	362.00	4/4	287.55	24/1	362.00	4/4/86	33.29	17/12/74
71	Investment Trusts (102)	751.19	+0.1	—	2.97	—	6.46	750.12	748.58	747.98	598.78	764.85	22/4	633.36	14/1	764.85	22/4/86	71.12	13/12/74
81	Mining Finance (3)	280.31	−0.5	12.77	5.69	9.13	6.11	281.86	282.05	283.85	277.83	331.16	21/3	240.83	2/1	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	670.70	−0.5	12.27	6.16	9.70	18.88	674.27	671.23	670.91	654.05	702.43	7/4	597.55	2/1	702.43	7/4/86	97.37	6/1/75
99	ALL-SHARE INDEX (736)	794.30	—	—	3.90	—	10.78	793.90	789.31	789.80	634.66	832.39	3/4	664.42	14/1	832.39	3/4/86	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	June 5	June 4	June 3	June 2	May 30	Year ago	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ♦	1611.9	−0.7	1617.3	1605.6	1612.6	1601.4	1602.2	1596.5	1602.8	1310.6	1717.6	3/4	1370.1	14/1	1717.6	3/4/86	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri June 6	Day's change %	Thurs June 5	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	124.43	+0.19	124.20	—	5.12
2	5-15 years	146.31	+0.65	145.37	—	4.58
3	Over 15 years	153.14	+0.89	151.80	—	5.67
4	Irredeemables	171.02	+0.37	170.40	—	6.30
5	All stocks	141.31	+0.54	140.56	—	5.01
	Index-Linked					
6	5 years	113.17	−0.09	113.28	—	0.81
7	Over 5 years	119.92	−0.26	120.23	—	1.21
8	All stocks	118.70	−0.23	118.97	—	1.14
9	Debentures & Loans	120.89	+0.24	120.60	—	5.47
10	Preference	88.86	—	88.86	—	3.18

	AVERAGE GROSS REDEMPTION YIELDS		Fri June 6	Thurs June 5	Year ago (approx.)	1986 Highs		1986 Lows	
	British Government								
1	Low	5 years	7.54	7.40	10.30	10.26	20/1	7.37	18/4
2	Coupons	15 years	8.79	8.88	10.61	10.65	20/1	8.32	18/4
3		25 years	8.82	8.94	10.26	10.65	20/1	8.33	18/4
4	Medium	5 years	8.88	8.95	11.37	11.89	14/1	8.58	18/4
5	Coupons	15 years	9.12	9.22	10.90	11.15	20/1	8.58	18/4
6		25 years	9.13	9.24	10.44	10.74	20/1	8.58	18/4
7	High	5 years	9.01	9.10	11.45	12.07	20/1	8.73	18/4
8	Coupons	15 years	9.27	9.37	11.05	11.32	20/1	8.73	18/4
9		25 years	9.17	9.26	10.63	10.81	20/1	8.73	18/4
10	Irredeemables †		8.75	8.77	10.07	10.35	27/1	8.38	18/4
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	3.80	3.73	0.0	5.18	14/1	3.24	29/4
12	Inflat'n rate 5%	Over 5 yrs	3.31	3.29	0.0	4.01	20/1	3.26	13/5
13	Inflat'n rate 10%	5 yrs	2.67	2.58	0.0	4.23	14/1	2.11	29/4
14	Inflat'n rate 10%	Over 5 yrs	3.16	3.14	0.0	3.85	14/1	3.09	19/5
15	Debs &	5 years	10.08	10.12	11.84	12.78	27/1	9.88	22/4
16	Loans	15 years	10.14	10.18	11.67	11.93	4/2	9.79	22/4
17		25 years	10.15	10.19	11.49	11.83	21/1	9.69	17/4
18	Preference †		10.81	10.81	12.48	12.18	24/2	10.61	9/5

♦ Opening index 1617.3; 10 am 1612.3; 11 am 1608.3; Noon 1605.9; 1 pm 1606.5; 2 pm 1606.4; 3 pm 1608.1; 3.30 pm 1610.9; 4 pm 1611.6.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Ashdown Inv Tst (71) has been deleted and replaced by Arlington Securities (69). NAME CHANGE: Guest Keen and Nettlefold has changed its name to GKN (9).

Memcom plans £2m cash call

BY RICHARD TOMKINS

Memcom International, the USM-quoted maker of electronic filing systems, says it has reached agreement in principle to raise over £2m through a rights issue of ordinary shares and loan stock.

The proceeds will be used to cut borrowings and provide capital for increasing the marketing and production of its Ovionic image processor.

Memcom turned heavily into loss last year when its Middle East markets collapsed. In the six months to October it incurred pre-tax losses of £1.5m against profits of £958,000 and warned of further losses in the second half.

It also lost its financial adviser, the merchant bank Robert Fleming, in November last year and had to reorganise its board following the resignation of a non-executive director.

Its shares, which reached a high of 310p when it came to the USM through an introduction in February last year, rose 8p to 35p yesterday as the company announced a "positive response from the marketplace" for its Ovionic product.

It said it had received an order for 30 Ovionic cameras from Middle Eastern sources associated with two of its directors, Mr Khalial Niazy and Mr Zohair Awartani. Deliveries were expected to begin shortly.

Details of the rights issue will be announced later this month. It will be fully underwritten at 40p a share and the loan stock will be convertible into ordinary shares, initially at 40p. Brokers to the company are W. Greenwell.

Stewart Enterprise improvement

Stewart Enterprise Investment Company increased its pre-tax income from £69,941 to £77,201 in the year to March 31, 1986. The dividend is again held at 0.4p net.

Dividends and interest brought in £128,391 compared with £146,776 and other income was £33,712 against £28,544. Tax for the year was down from £31,533 to £25,589, giving earnings per share of 0.32p (0.24p).

Confidence at Leisuretime

Leisuretime International, hotels and holidays group, saw pre-tax losses increase by 28 per cent on turnover which rose by more than three times in the six months to the end of April 1986.

The interim dividend has, however, been raised from 1.15p to 1.3p. The directors say the increase reflects their belief that the present year will produce a good result.

They add that the group's development during the past year has resulted in a significant change in its trading pattern. The increased seasonal interim loss was due to the start-up costs of International Communications which was now trading profitably.

All activities were ahead of last year, say the directors, with traditional leisure activities showing record booking levels.

Turnover was £2.61m (£800,102) with the pre-tax loss coming out at £135,000 (£105,400). There was again no tax, leaving the loss per 10p at 2.8p, against the comparable 2.3p.

COMPANY NEWS IN BRIEF

LLOYDS BANK shareholders yesterday approved their bank's £1.2bn takeover bid for Standard Chartered Bank at an extraordinary meeting in London.

INVESTMENT COMPANY has made earnings per 25p share of 3.87p (3.66p) in the year ended March 31 1986 and is raising the dividend to 1.17p (1.05p) with a final of 0.73p. Interim was waived in respect of 7.43m shares, saving £32,000; final has been waived on 7.46m shares saving £54,000. Gross income £920,000 (£889,000).

ALTIFUND, investment trust, reports a slight fall from 50.83p to 50.11p in its net asset value per 25p income share, but net asset value per capital share rose from 583.84p to 704.97p. Stated earnings per income share were 9.27p (8.3p), and 0.46p (0.41p) per capital share. The final dividend is down from 6.1p to 6p, but the total for the year to March 31 1986 is up by 1.4p to 10p net. Net revenues after expenses and interest, but before tax, was £687,444 (£604,291). Tax took £227,329 (£192,337).

TR NORTH American Investment Trust saw net asset value rise to 120.5p at March 31 1986 compared with an adjusted 113.5p a year earlier. Net revenue for the year to end-March came out at £1.1m (£1.28m) to give earnings per share of 1.69p (1.97p adjusted). The total payment is in effect unchanged at 1.825p after adjusting for last year's scrip issue with a final dividend of 1.325p.

PPL (HOLDINGS), minicomputer software group, incurred higher pre-tax losses of £274,000 (£87,000) in the six months to March 31 1986. Again there is no interim dividend, but the directors say it remains their intention to recommend a final of 2.5p. The loss is consistent with expectations, and was after interest charges up from £52,000 to £130,000 and exceptional debits of £176,000 (£113,000). Turnover was up from £3.7m to £4.7m. A strong second half is anticipated, and this expectation is underpinned by contracts under negotiation with qualified prospects.

BOOKER McCONNELL has bought E. C. Steed, Exeter-based catering distributor, for an initial payment of £1.6m cash with a further £1.3m depending on performance in 1986 and 1987. Steed had sales of £6.8m in 1985-86.

B M Group controls 21% of Benford

BM Group, the construction industry supplier controlled by C. H. Beazer, housebuilder, yesterday announced a rise in acceptances for its £19m hostile bid for Benford Concrete Machinery.

BM has received acceptances amounting to 9.3 per cent of Benford ordinary shares. It now speaks for around 21 per cent of the total shares.

Yesterday Beazer, acting in concert with BM, said it had increased its stake to around 11.9 per cent, having acquired 210,000 shares at 79p.

BM is offering three new shares for every eight in Benford. On the basis of last night's closing price for BM, at 215p the offer values Benford up 3p to 82p, at 80.6p per share. There is a cash alternative equivalent to 79.5p per share.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Cont. Stationery	0.45	—	1.3	0.9	1.75
G.T. Global	1.75	July 21	1.25	2.5	2
JS Pathology	1.33†	July 10	—	1.33	—
Leisuretime Intl. ...int.	1.3	Oct. 1	1.15	—	2.3
Piccadilly Radio ...int.	0.88†	Sept. 30	0.88	—	2
Stewart Enterprise	0.4	July 11	0.4	0.4	0.4

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Public Works Loan Board rates

Effective June 3

Years	Quota loans repaid by EPt	Quota loans repaid At maturity§	Non-quota loans A* repaid by EPt	Non-quota loans A* repaid At maturity§
1	[illegible]	[illegible]	[illegible]	[illegible]
Over 1 up to 2	[illegible]	[illegible]	[illegible]	[illegible]
Over 2 up to 3	[illegible]	[illegible]	[illegible]	[illegible]
Over 3 up to 4	[illegible]	[illegible]	[illegible]	[illegible]
Over 4 up to 5	[illegible]	[illegible]	[illegible]	[illegible]
Over 5 up to 6	[illegible]	[illegible]	[illegible]	[illegible]
Over 6 up to 7	[illegible]	[illegible]	[illegible]	[illegible]
Over 7 up to 8	[illegible]	[illegible]	[illegible]	[illegible]
Over 8 up to 9	[illegible]	[illegible]	[illegible]	[illegible]
Over 9 up to 10	[illegible]	[illegible]	[illegible]	[illegible]
Over 10 up to 15	[illegible]	[illegible]	[illegible]	[illegible]
Over 15 up to 25	[illegible]	[illegible]	[illegible]	[illegible]
Over 25	[illegible]	[illegible]	[illegible]	[illegible]

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or -	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible] ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under 535 (4) (e) †† Official London listing.

LONDON TRADED OPTIONS

Option		Calls Jly.	Calls Oct.	Calls Jan.	Puts Jly.	Puts Oct.	Puts Jan.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

June 6. Total contracts 13,548. Calls 9,911. Puts 4,637
*Underlying security price.

INTERNATIONAL COMPANIES and FINANCE

TBS plans $490m asset sales in bid to cut debts

BY PAUL TAYLOR IN NEW YORK

MR TED TURNER, the Atlanta-based broadcasting entrepreneur, has agreed to sell assets of MGM Entertainment, valued at $490m, as part of his efforts to reduce the debts assumed earlier this year by Turner Broadcasting System (TBS) when it completed its $1.5bn acquisition of MGM/UA Entertainment from Mr Kirk Kerkorian.

As part of the complex acquisition deal, TBS immediately sold the United Artists film producing company back to Mr Kerkorian for $480m. Yesterday, continuing the MGM Entertainment breakup, TBS said it had agreed to sell MGM's television and motion picture production and distribution business, together with its home entertainment group, to United Artists for $300m in cash.

In addition, TBS has agreed to sell MGM Entertainment's 44-acre production facility and Metrocolor film laboratory for $190m to Lorimar Telepictures, the recently formed Californian-based television and film production and syndication group which last month agreed to pay $1.85bn for seven large US television stations.

Mr Merv Adelson, chairman and chief executive of Lorimar — Telepictures (which was formed through the $300m merger of Lorimar and Telepictures in February), said the acquisition would allow the group to consolidate its operations under one roof.

Turner sold about $1.4bn in notes and debentures to help fund the MGM/UA acquisition, and has previously indicated that it wanted to sell all or part of MGM's assets — with the exception of the extensive MGM film library, which Turner wants to use for its Atlanta-based WTBS television station. The latest asset sales represent a big step towards reducing this debt and restructuring the TBS group.

The deals also reflect the wide restructuring of the US film and television industry which is seeing new groups, like TBS, Lorimar-Telepictures and Mr Rupert Murdoch's Fox Broadcasting, emerge as potential rivals to the established three US networks — which are themselves going through a period of intense change.

Earlier this week General Electric received Government approval for its $6.4bn takeover of RCA, which owns the NBC broadcasting network.

Triumph-Adler reduces losses

BY DAVID BROWN IN NUREMBERG

TRIUMPH-ADLER, the office equipment subsidiary of the Volkswagen group, has cut 1985 losses to DM 70m from DM 385m ($173m) the previous year, after an extensive reorganisation. However, the company is not likely to return to profit this year.

On the basis of business through to the end of May, with roughly unchanged sales, Mr Wolfram Nadebusch, the managing director, forecasts that the 1986 results will be no worse than those registered last year.

Triumph-Adler's 1985 worldwide turnover rose by 17 per cent to DM 1.05bn, of which 57 per cent was sold outside West Germany. The company was helped by higher volume electronic typewriter and copier sales, not least on the important North American market.

Overall sales of typewriters which account for 60 per cent of the group total, were described as "satisfactory," but growing competition is developing in the lower end of the market. New, less expensive typewriters are to be introduced this year.

The computer operations, which are the main source of group losses, continue to suffer from weak volume and are not expected to break even until this year at the earliest.

The group has been hit, moreover, by the sharp exchange rate shift which has cut the D-mark value of dollar-denominated receipts by some 30 per cent.

Volkswagen again covered Triumph-Adler's 1985 losses. The management would not comment on the planned takeover of VW's 98.4 per cent stake by Olivetti of Italy which is being examined by the West German cartel office, and will not likely be resolved before this autumn.

The two groups will maintain separate marketing networks and identities, but might co-operate in research and development to save cost, Mr Nadebusch added.

Essilor lays out FFr 200m on takeovers

By Our Paris Staff

ESSILOR, the French optical glass company is taking control of Angenieux, a Saint-Etienne based specialist optical company, as part of a FFr 200m ($28m) series of acquisitions announced yesterday.

Angenieux has turnover of about FFr 140m in fields including camera lenses, infra red and laser technology.

The other two acquisitions concern the purchase of a controlling stake in Sudop, a lens distribution company in Brazil based in Manaus, and the taking of a participation in Domilens, a French company specialising in implants for people suffering cataract deficiencies.

Mr Bernard Maitenaz, the Essilor chairman, said the acquisitions together would add about 10 per cent to Essilor's turnover, which at a group level totalled FFr 3.2bn per year.

Restructuring moves help Fluor to lower deficit

BY OUR NEW YORK STAFF

FLUOR, the US construction and process engineering group which has undergone a sweeping restructuring, has registered second-quarter net loss of $11.6m compared with a net deficit of $39.5m in the corresponding 1985 period.

The California-based group, which serves the petroleum, petrochemical, chemical, mining and metallurgical industries, reported the reduced losses on revenues which increased by 23 per cent, to $1.37bn from $1.11bn.

For the first half ended April 30, Fluor reported a net loss of $4.98m, compared with a loss of $76.2m from continuing operations in the same period last year when $4.13m in income from discontinued operations reduced the final net loss to $72m. Revenues increased to $2.56bn from $2.04bn.

The group said new orders totalled $1.8bn in the first half and that its order backlog stood at $4.75bn at the end of April, compared with $5.24bn a year earlier.

Mr David Tappan, chairman and chief executive, attributed the improved results to the group's radical restructuring begun last year — a process which has included the sale and leaseback of property, the sale of the oil and gas business, and writing down some coal properties, some offshore drilling equipment and goodwill associated with the St Joe Minerals deal.

"Most key markets have not improved," noted Mr Tappan. "However, the company is successfully redirecting its sales activities and reducing its operating costs consistent with today's business environment."

Corporate administrative and general expenses were cut by 28 per cent and interest expense reduced by 54 per cent from the second quarter a year ago, he added.

Looking ahead to the second half, Mr Tappan said the group plans to refine its financial strategy and continue to reduce operating costs while extending Fluor's services into new market sectors.

"As we stated earlier this year, results from operations are expected to be uneven on a quarterly basis. However, the company will report considerable improvement for 1986 over the prior year."

Perstorp makes headway

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

PERSTORP, the Swedish speciality chemicals and plastics group, increased profits (after financial items) by 8.8 per cent in the first eight months of the current year to SKr 245m ($34m), compared with SKr 225m a year earlier. Turnover rose by 12.5 per cent to SKr 2.65bn.

Mr Karl-Erik Sahlberg, chief executive, said that profits for the full year are expected to be in the range of SKr 320-350m, virtually unchanged from the SKr 331m achieved in 1984-1985.

Sales increased particularly strongly for Perstorp's components division, which supplies components to the engineering and automotive industries. They rose by 34 per cent to SKr 333m. Compounds sales moved up by 34 per cent to SKr 361m and Chemitec sales were 39 per cent higher at SKr 262m.

Perstorp Compounds is the world's largest producer of amino moulding compounds, the basic raw material for producing thermosetting plastics, while the Chemitic division works with resin systems and outside applications of the group's chemistry know-how. Sales fell slightly in the electronics and biotec divisions.

Pernovo, the group's development company, has acquired part of the equity of the California-based Guided Wave Company, which works with analysis instruments and process control.

CGE unit in FFr 400m bourse flotation

By David Marsh in Paris

CGE, the French nationalised communications and energy group, is to raise around FFr 400m ($56m) through the flotation of 21 per cent of its fully-owned subsidiary, Cables de Lyon.

A total of 19 per cent of the shares of Cables de Lyon —the world's second biggest cable manufacturer after Pirelli of Italy—is to be sold at a minimum price of FFr 650 on the second marché or unlisted section of the Paris stock market. An additional 2 per cent will be reserved for company employees. The shares will be formally introduced on the market on June 17.

Mr Paul de Buyer, the Cables de Lyon chairman, said the company's performance this year was in line with forecasts of an 8.5 per cent increase to FFr 220m in net profits for 1986 as a whole. Turnover this year would rise only about 4 per cent because of the fall in the dollar and the copper price.

Mr de Buyer said Cables de Lyon, which last year registered 82 per cent of its FFr 10.7bn turnover outside France, will shortly buy a small Australian company in the high frequency cable area. This will become the focus of efforts to expand in Australia.

Cables de Lyon has trebled turnover during the past five years, building up activities above all in West Germany and—through the 1985 acquisition of Celwave Technologies in the US. Mr de Buyer said its Celwave subsidiary, which specialises in telecommunications cables, was planning to pool resources with the CGE group's American telecommunications subsidiary Alcatel US Corporation.

There is no intention for the moment of allowing the CGE participation in Cables de Lyon to fall further.

New Zealand brewer has record year

LION CORPORATION, New Zealand's largest brewer, increased pre-tax profits 63 per cent to a record NZ$72.6m (US$40.3m) in the year to March, AP-DT reports

Earnings after tax— including the contribution from associates—was up 56 per cent to NZ$43.8m. Total sales rose to NZ$822m from NZ$725m but the company said trading performance had slopped in the final quarter.

It also announced a two-for-three scrip issue, the first such issue by the company since 1978. The bonus shares will qualify for the 12 cents a share final dividend, it said.

Carlsberg in trade deal with Suntory

CARLSBERG BREWERY, which is one half of United Breweries, has concluded an agreement with Suntory, one of Japan's biggest beverage producers and importers, for thet brewing, sales and marketing of Carlsberg beers in Japan, from the summer of this year, writes Hilary Barnes in Copenhagen.

The deal is not expected to have an immediate impact on Carlsberg's earnings, but is regarded as a significant move into an important market.

Exxon to take $1bn out of pension fund

BY WILLIAM HALL IN NEW YORK

EXXON, the world's biggest oil company, is planning to withdraw slightly over $1bn from its overfunded US pension plan which currently has assets of $5.6bn.

The giant oil company is the latest in a string of major US corporations which are taking advantage of the near four-year old rally in the US financial markets which has swelled the value of their company pension funds to a size larger than necessary to meet the needs of their pensioners.

Exxon, which has to seek the approval of the US Government, says that the pension benefits of Exxon's employees, annuitants and other pension plan participants will be fully protected. The terms of its pension plan will remain the same as they are today and Exxon will continue to guarantee pension payments. Arrangements with an insurance company will provide additional guarantees.

The value of assets in its pension plan "greatly exceeds pension obligations," says Exxon. The total surplus, including projected salary increases, totals $1.7bn, the company disclosed yesterday. Exxon says that it is anticipated that this action will have no significant impact on the group's 1986 earnings.

The company said that it would use the surplus pension fund cash for general corporate use. Exxon is continuing to buy back its shares periodically in the market, but it says that the pension fund money has not been earmarked for any particular use.

The company recently reported a 29 per cent rise in first-quarter net income to $1.7bn after taking a $235m after-tax charge to cover the restructuring of its businesses.

Exxon said that oil markets remain highly unsettled in the current quarter and product prices have declined faster than crude oil prices in April, thus reducing downstream margins.

"Under these market conditions, near-term earnings are likely to be depressed from those in the first quarter."

IBI Asia buys majority stake in Far East Bank

BY DAVID DODWELL IN HONG KONG

IBI ASIA (Holding), the Hong Kong-listed arm of the Luxembourg-based International Bankers group, yesterday acquired a 65 per cent holding in Far East Bank at a cost of HK$210m (US$26.9m) in cash and shares.

Far East Bank, controlled by the Chiu family, has been one of a handful of Hong Kong banks that has been under pressure since the collapse of Overseas Trust Bank (OTB) last July. It has 34 branches in Hong Kong, with total assets of HK$2bn. In 1984 it reported consolidated profits of HK$7.16m, but difficulties since then make it almost certain that it slipped into loss last year.

Successful completion of a deal providing Far East Bank with the shelter of a "big brother" reduces further the list of problem banks that have consumed so much of the Hong Kong banking authorities' time over the past year.

"It is welcome news," said Mr David Nendick, Secretary for Monetary Affairs in Hong Kong: "It is part of the process of canvalescence as the banking system moves further along the route to good health."

IBI, made up mainly of French bankers, was formed in 1982 shortly after the nationalisation of France's leading banks. The parent company is registered in the Netherlands Antilles, and operates from Luxembourg, mainly in wholesale and investment banking. It has an authorised capital of US$160m.

IBI Asia was set up in Hong Kong in January last year as the group's Asian regional centre.

It will pay HK$198.4m in cash and provide shares worth HK$11.6m, for its 65 per cent stake. The Chiu family, which currently holds about 65 per cent of the shares in Far East Bank, is providing 50 per cent, with Sino Master Investment—a joint venture between the Peking-linked China Steam Navigation and a local company called Search Asia—providing 15 per cent.

The Chiu family will retain a 15 per cent stake in Far East Bank. It has also agreed to buy a 48 per cent stake in IBI's wholly-owned deposit-taking subsidiary for HK$127.4m. For IBI, this reduces the overall cost of the acquisition to HK$71m.

Tax exemptions for Valmet and Wartsila

By Olli Virtanen in Helsinki

THE FINNISH Government has exempted Valmet and Wärtsilä, from sales taxes and stamp duties totalling FM 700m ($140m) in connection of the final merger of their respective shipbuilding and paper machinery divisions. The exemption was set as a precondition for the deal.

At the same time the Government says both companies must refrain from dismissing workers before alternative employment can be found. The companies have already announced plans to cut the present combined shipbuilding workforce of 10,000 by some 4,000 within the next few years.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$350	9	5	3	13	—	—	$342
GOLD C	$360	12	3	30	8	—	—	"
GOLD C	$370	10	1.20	5	5.50	—	—	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 29,812

A=Ask B=Bid C=Call P=Put

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Stocks pull back from record highs

STOCKS PULLED back from record territory on Wall Street yesterday after failing at an attempt to rally with stronger Bonds.

After touching 1883.07, the Dow Jones Industrial Average came back to 1879.31 by 1 pm for a loss of 0.13 on the day and reducing its rise on the week to 2.60. The NYSE All Common index held unchanged at $140.95 for a loss of $1.11 on the week. Declines led advances by a seven-to-six majority in a volume of 84.16m (78.85m) shares.

"Stocks seem to be taking selling pretty well," said Jon Groveman, of Ladenburg Thalmann. "But the rallies haven't looked good. Each advance seems to get narrower and narrower," he added.

Technicians point to numerous divergences, with Transports lagging the general market, a lack of broad participation in rallies and the inability to rally with Bonds.

The Bond market jumped higher at the start when employment data was surprisingly weak.

Stocks made several rally attempts but were unable to sustain the upturns.

McDermott led actives, up $¼ to $19⅞.

Home Shopping, which went public last month at $18, continued its rise, up $3⅞ to $69½.

Pfizer climbed $2⅞ to $63⅞, in active trading.

Semiconductor stocks were weaker. **Texas Instruments** fell $3⅞ to $132 and **Advanced Micro Devices** $½ to $24½.

Avnet, a distributor of integrated circuits, lost another $¼ to $31½ — it said it would have a charge in the quarter ending this month for inventory write-downs and the shutting of a circuit board operation.

Borg Warner advanced $2 to $30½, in active trading.

THE AMERICAN SE Market Value index rose 0.45 to 280.31, reducing its loss on the week to 2.29. Volume 8.13m (7.71m) shares.

Leading the list, **Horn and Hardart** held unchanged at $13⅜. **Texas Air** fell $1 to $36⅜.

Closing prices for North America were not available for this edition.

CANADA

Mixed in moderately active midday trading.

The Toronto Composite index rose 5.00 to 3089.3 and Golds firmed 4.2 to 3881.4, but Oil and Gas shed 11.1 to 2611.9.

Canadian Tire "A" eased $¼ to $14½—it said improving earnings over the prior year could be difficult, due to higher taxes and loss of interest income.

Canadian Imperial Bank of Commerce held unchanged at $18, despite lower second quarter earnings.

TOKYO

The Nikkei Dow Average edged up 6.92 to a record close of 16,817.91 as investors treaded on a thin line between bullishness and caution over recent gains.

Turnover was 800m (1bn) shares.

Utilities, Trading Houses and Securities gained ground, while other buying was scattered among issues in diverse sectors. Brokers said investors' attention continued to shift rapidly from issue to issue in a search for quick profits.

Some brokers and analysts said the market was due for a serious correction after its rapid gains in the last two weeks. But others said the continued rises in the face of various technical data indicating overheating proved the strength of the underlying bullishness.

Warehouses and Properties advanced, while Constructions and Railroads were mixed.

Export-related issues fared poorly, with **TDK** off Y50 at 4,000, and recently favoured "large capitals" eased, with **Ishikawajima Harima** down Y8 to 221 and **Nippon Yusen** Y8 to 410. Biotechnologies also weakened, with Green Cross off Y30 to 2,280.

HONG KONG

Share prices drifted to a mixed finish. After registering a 14-point loss in the morning, the Hang Seng Index gradually recovered ground to close at 1747.09, down 1.47 on the day.

Turnover HK$237.58m (HK$304.30m).

Brokers said both local and overseas investors were selling shares early in the day, but selective bargain-hunting by local institutions propped up some prices in the afternoon.

Utilities showed minor strength, led by **Hong Kong & China Gas**, which rose 20 cents to HK$15.00, and **Hongkong Telephone**, also up 20 cents to HK$11.90.

AUSTRALIA

Slightly firmer in nervous trading, with concern about the economy and the currency offset by demand for metal and gold stocks.

Metals rose "quite dramatically" on the back of firmer commodity prices overnight and the weakness of the Australian dollar, one broker said.

The All Ordinaries index rose 2.1 to 1,230.2, the All Industrials 0.3 to 1,971.7, All Resources 3.5 to 668.4 and the Gold marker climbed 10.3 to 912.1. Solid Fuels put on 11.7 to 458.6 and Metals and Minerals 6.3 to 530.5.

National turnover 35.7m shares worth SA219m, with rises outnumbering falls 219-to-142.

Mining and Metals were well supported on the back of a weakening Australian dollar.

Among Golds, **Gold Mines of Kalgoorlie** finished 70 cents up at SA8.20, **Central Norseman** 20 cents to SA7.70 and **Placer** 50 cents to SA22.50.

Bankings were easier because of concern over interest rates and uncertainty over the Australian dollar.

Among takeover stocks, Adsteam moved up 10 cents to SA13.10 while Equiticorp Tasman gained 6 cents to SA1.68.

GERMANY

Mixed after more active trading than seen recently. Export-oriented values suffered from the sharp drop of the dollar, while Banks firmed on rising hopes that interest rates could be cut if the US currency continued to fall against the mark.

The higher turnover was carried mainly by domestic investors who were increasingly convinced that Chancellor Helmut Kohl's Christian Democratic party will not suffer a defeat in Lower-Saxony's state elections in just over a week.

The Commerzbank index of leading shares, calculated at midsession, rose 20.2 to 1,937.5.

Chemicals recovered somewhat from massive losses recently.

STOCKHOLM

Higher in heavy trading after metalworkers' strikes that would have halted production in 19 key export industries were averted yesterday morning.

Advances outpaced declines by 99-to-57.

PARIS

Share prices continued easier, but losses were more limited in active pre-weekend trading. Losses outnumbered gains by 107-to-59.

Dealers said some of the sharp falls in previous sessions were now seen as exaggerated and had been corrected by repurchasing by operators finding themselves with uncovered positions.

Also, discreet intervention by institutional investors had allowed the market to retain a relative stability despite continued selling, particularly by foreign investors.

SWITZERLAND

Domestic share prices ended mixed to higher in quiet uneven trading marked by technical adjustments after Thursday's setback.

Wall Street's late recovery overnight provided some encouragement, while yesterday's weaker dollar and the high level of local interest rates kept investors to the sidelines.

SINGAPORE

Higher over a broad front in active trading.

The Straits Times Industrial index rose 6.41 to 691.86 and the SE All share index 1.67 to 230.61. Turnover 18.3m (19.0m) units.

CANADA

NEW YORK INDICES

NEW YORK ACTIVE STOCKS

** Saturday May 31: Japan Nikkei 16,629.1. TSE 1302.16.

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Montreal Portfolio 4/1/83. Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xs Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CURRENCIES and MONEY

COMMODITIES AND AGRICULTURE

FOREIGN EXCHANGES

Dollar loses ground

The dollar continued to lose ground in currency markets yesterday in a continuing reaction to comments made on Thursday by Mr Paul Volcker, chairman of the US Federal Reserve Board. He stated that US interest rates may be cut without waiting for a similar move in West Germany and Japan and this pushed the dollar weaker. However, the extent of yesterday's losses was limited by proximity of the weekend. Trading towards the close became even thinner and more erratic as dealers closed off positions. There was no incentive to run short on dollars over the weekend which limited the dollar's fall.

The significance of US unemployment data was overshadowed by Mr Volcker's comments but a 7.3 per cent rate compared with expectations of 7.1 per cent served to undermine the dollar still further. It touched a low of DM 2.2210 against the D-mark before closing at DM 2.2285 down from DM 2.2370 on Thursday. There was also some concern about the possibility of central bank intervention by the West German Bundesbank or the Japanese central bank. This limited the dollar's loss to Y167.65 against the yen from Y168.85. Elsewhere it eased to SFr 1.8390 from SFr 1.8440 and FFr 7.0950 compared with FFr 7.1275. On Bank of England figures, the dollar's exchange rate index fell from 116.8 to 115.6.

Sterling was sharply firmer at the outset but tended to drift a little during the afternoon. It still finished well up from Thursday's closing levels with an exchange rate index of 75.6 down from 75.8 at the opening but up from 75.3 previously.

Early bullishness was helped by steadier oil prices and a sharp fall in the dollar. However, trading volume thinned out during the afternoon and a little profit taking left the pound below the day's best level. Against the dollar it rose to $1.5050 from $1.4960 and DM 3.3550 from DM 3.3450. Against the Swiss franc it rose to SFr 2.7675 from SFr 2.7575 and FFr 10.6775 from FFr 10.6625. It was slightly down against the yen however at Y252.25 compared with Y252.50.

£ IN NEW YORK

June 6	Close	Prev. close
£ Spot	$1.5040-1.5050	$1.4955-1.4965
1 month	0.55-0.52pm	0.54-0.52pm
3 months	0.93-0.90pm	0.95-0.93pm
12 months	2.60-2.48pm	2.70-2.55pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	June 6	Previous
8.30 am	75.8	75.5
9.00 am	75.8	75.5
10.00 am	75.8	75.4
11.00 am	75.7	75.4
Noon	75.7	75.4
1.00 pm	75.7	75.4
2.00 pm	75.6	75.4
3.00 pm	75.6	75.4
4.00 pm	75.6	75.3

POUND SPOT—FORWARD AGAINST POUND

CURRENCY RATES

DOLLAR SPOT—FORWARD AGAINST DOLLAR

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

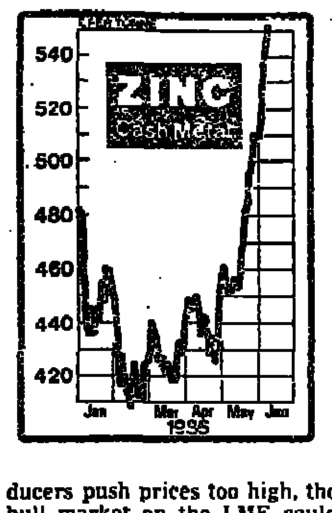
OTHER CURRENCIES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

REVIEW OF THE WEEK

Rising zinc prices bring shine to LME



BY ANDREW GOWERS

ZINC continued to reinject some bounce to the troubled London Metal Exchange this week, as European smelters raised their producer price to $800 a tonne, its highest level since last August.

The increases, which came against the background of general firmness in the market as a result of strikes in Australia and the US and production cutbacks elsewhere, helped to push LME cash prices up £42.50 on the week to close yesterday at £552.50 per tonne. The cash price also moved above the three-months level yesterday—a sign of tightness developing in supplies.

There could well be further price rises in the pipeline, since the European Producer Price has a little way to go to re-establish its traditional premium over the LME.

The market's immediate concern is the strike at the Broken Hill mines in Australia, the world's second largest zinc producer after Canada, and its potential impact on Australian smelting operations. According to London analysts, the industrial action affects three facilities which account for annual production of around 200,000 tonnes of zinc—about 4 per cent of estimated Western world zinc production. There were rumours yesterday that one producer was already preparing to declare force majeure on shipments of lead and zinc concentrates.

"In the long run, this is not just going to affect the mines; it will also affect the export market," said Mr Stephen Briggs of brokers Shearson Lehman Brothers. He and other observers believe the Australian stoppage could last some time yet, since the unions appear to be prepared for a long fight and the companies involved are unlikely to press for an early settlement if the strike continues to drive prices up.

Other bullish factors include the reported closure by strikes of a mine and smelter in the US, and production losses at a West German zinc smelter owing to a mechanical failure.

The price move is good news for the world's beleaguered zinc producers, many of which claimed to be losing money at the price levels ruling until just a few weeks ago. The European smelters are clearly doing everything they can to capitalise on the apparent turnaround in prospects for the metal.

Some analysts are already predicting that the world zinc market may move from a relatively small surplus into deficit this year, although Mr James Leahy, of traders Rudolf Wolff, is not so sure.

"I'm not convinced that the surplus is going to disappear, but it will be reduced," he said.

It is certainly too early to say that the zinc producers are out of trouble, though, mainly because there is still a large surplus of mothballed production capacity that could easily be brought back on stream. Three US mines are already being reactivated this month after a two-month closure to reduce inventories. If the European producers push prices too high, the bull market on the LME could begin to look fragile indeed.

Lead prices have also sprung out of their long-standing lethargy in response to the Australian news, since the Broken Hill mines are big lead producers. Australia has now overtaken the US as the world's biggest source of the metal. On the London Metal Exchange, cash lead was buoyed by news of US producer price increases and ended the week at £279.50 a tonne, £14.75 up on the week.

And strikes, or potential strikes, have been much in the news in two other markets: those for aluminium and copper. *The leading US aluminium* producer, Alcoa, is already strike-bound following the failure of talks between management and unions on the renewal of labour contracts at the end of last month. Nobody is yet ruling out the possibility of significant strikes in the American copper industry, too, when its labour contracts expire on June 30.

Cash aluminium prices rose by £27.50 to £816 a tonne this week on the LME, opening up a significant cash-to-three-months premium. Copper, by contrast, has not yet been greatly moved. The cash price rose £5.50 on the week to close at £955 a tonne.

WEEKLY PRICE CHANGES

INDICES

REUTERS

DOW JONES

GRAINS

US MARKETS

AFTER A LIMIT-UP movement on Thursday, with reports of a fungus disease affecting plantings in Bahia causing the surge upwards, New York cocoa future were subject to cautious profit-taking ahead of the weekend, reports Heinold Commodities. The extent of any damage caused by "witchbroom fungus" is as yet unconfirmed, but coupled with a renewed positive sentiment for a satisfactory new cocoa pact, to be discussed in Geneva next month for implementation in October, values still held well above the important $1,800 level in the July contract, a level which had shown itself as a tough resistance point for several weeks.

NEW YORK

CHICAGO

POTATOES

SOYABEAN MEAL

OIL

COFFEE

FREIGHT FUTURES

COCOA

RUBBER

SUGAR

MEAT

MONEY MARKETS

Bank still cautious

The Bank of England may have attempted to reduce growing speculation that a cut in clearing bank base rates next week is inevitable. By lending seven day money to discount houses at 10¾ per cent, the Bank by design or accident created considerable debate as to whether its action was penal or merely an amber warning to slow down the recent decline in interest rates.

With the day's shortage mostly with the discount houses, interbank rates were largely unmoved by the whole procedure with three-month money ending at 9 5/16-9 11/16 per cent compared with 9⅝-9¾ per cent. Weekend money had dipped to 9½ per cent from an opening of 10⅝-10¾ per cent but was bid later at 12 per cent.

UK clearing bank base lending rate 10 per cent since May 22

The Bank forecast a shortage of around £950m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £777m and a rise in the note circulation of £245m. These were partly offset by Exchequer transactions which added £70m. The Bank offered an early round of assistance to help alleviate the shortage but the offer was not taken up at the level at which the Bank wished to operate.

The forecast was later revised to a shortage of around £900m before taking into account the early help and the Bank gave assistance in the afternoon of £189m. This comprised purchases of £43m of eligible bank bills in band 1 at 9⅞ per cent and £146m in band 2 at 9 13/16 per cent. The Bank also gave late assistance of £365m through seven-day loans at 10¾ per cent. Total help came to £586m.

The average rate of discount at the weekly Treasury bill tender fell by 0.3718 per cent to 9.1142 per cent. The £100m of bills on offer attracted bids of £427m and all bills offered were alloted. The minimum accepted bid was £97.725, met as to about 65 per cent and above in full. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 6)

Three months US dollars		Six months US dollars	
bid 7 1/16	Offer 7 3/16	bid 7⅛	Offer 7¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

June 6	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'tin
Frankfurt	4.35-4.45	4.45-4.55	4.50-4.65	4.50-4.65	4.55-4.70	5.5
Paris	7¼	7 3/16-7 5/16	7 3/16-7 5/16	7⅜-7½	7½-7⅝	7¼
Zurich	7⅜-1⅛	4¾-4⅞	—	4¾-4⅞	—	—
Amsterdam	6 3/16-6⅜	6¼-6 5/16	—	5 15/16-6 1/16	—	—
Tokyo	4.40625	4.59375	—	4.65625	—	—
Milan	12-12⅝	12⅛-12½	—	11¾-12¼	—	—
Brussels	7.30	7¼-7⅜	—	7⅛-7⅜	—	—
Dublin	9-9¼	9½-9¾	9½-9¾	9½-9¾	9½-9¾	—

LONDON MONEY RATES

June 6	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	9½-12	10⅝-10⅝	9⅞-10	9 9/16-9 11/16	9 7/16-9 9/16	9⅜-9 7/16
Sterling CDs	—	—	9⅝-9⅞	9 9/16-9 7/16	9¼-9⅝	9 5/32-9 7/16
Local Authority Depos	10¼-10½	10-10⅛	9⅞	9½-9⅝	9 9/16	9 5/16
Local Author'y Bonds	—	—	10½	10⅛	9⅞	9 9/16
Discount Mkt Depos.	10¼-10½	10¼-10⅝	9¾	9⅛	—	—
Company Depos.	10½-10¾	10⅜	10-10⅛	9 9/16	9⅜	—
Finance House Depos	—	—	9 15/16	9⅝	9 5/16	9 5/16
Treasury Bills (Buy)	—	—	9 11/16	9 3/16	—	—
Bank Bills (Buy)	—	—	9¾	9 7/16	9 9/32	—
Fine Trade Bills (Buy)	—	—	10⅜	9 11/16	9⅜	—
Dollar CDs	—	—	6.85-6.90	6.9-6.95	6.9 5.95	7.10-7.15
SDR Linked Depos.	—	—	6⅜-6⅝	6⅜-6⅝	6 7/16-6 9/16	6 5/16-6 9/16
ECU Depos.	—	—	7 3/16-7 5/16	7¼-7⅜	7¼-7⅜	7¼-7⅜

Treasury Bills (sell): one-month 9 9/16 per cent; three months 9⅜ per cent. Bank Bills (sell): one-month 9⅝ per cent; three months 9 3/32 per cent. Treasury Bills: Average tender rate at discount 9.1142 per cent. ECGD Fixed Finance Scheme IV reference date May 7 to June 3 (inclusive) 10.176 per cent.

Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rates 10½ per cent from June 1, 1986. Bank Deposit Rate for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 9¾ per cent; three-six months 9½ per cent; six-nine months 9½ per cent; nine-12 months 9½ per cent. Under £100,000 9½ per cent from June 5. Deposits held under Series 5 9½ per cent. Deposits withdrawn for cash 5½ per cent.

LONDON STOCK EXCHANGE

MARKET REPORT

Renewed dollar weakness touches off strong recovery in Gilt-edged securities

Account Dealing Dates
Option

*First Declara- tions	Last Dealings	Account Dealings	Day
May 12	May 29	May 30	June 9
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

Government stocks staged a strong revival from their recently-depressed levels and finally experienced the brightest session for a fortnight or so. Trade in equities suffered as attention switched to the fixed-interest rate sector following renewed dollar weakness. The fall in the US currency began late in New York the previous evening and continued yesterday with sterling rising to $1.5130 before settling at $1.5050.

This augered well for a further small cut in bank base rates next week after announcement of the May banking statistics on Tuesday. Commercial rates for credit eased in anticipation of the event and three-month interbank closed at 9½ per cent, despite the authorities' continued cautious attitude towards cheaper money which puzzled many money market operators.

Domestic and foreign investors concentrated on longer-dated Gilts and in an oversold market the response was immediate. Demand faded before mid-session but prices held their gains and went ahead again in the early afternoon on US influences; the bond market in New York rallied at the opening after news of the latest employment data.

The renewed support more than countered late sales of a profit-taking nature, which brought a short-lived reaction, and the longs resumed their upward momentum to close 1½ points higher at the day's best levels. The shorter end of the market was rather overshadowed while index-linked issues slipped back as recent profits were realised and re-invested in conventional Gilts. Treasury 2½ per cent 2005 lost ¼ to 104¼.

Equities went further ahead in the early business but the movement quickly ran out of steam. Exchange rate considerations inhibited trade in international issues but continued speculative activity prompted numerous good features elsewhere. Takeover speculation, however, contracted noticeably.

The FT indices illustrated the overall trend, the FT-SE 100 showing a gain of 4.7 at 9.05 am and a net loss of 7.0 shortly after midday before closing a mere 0.7 off on the session at 1,611.9. The narrower-based FT Ordinary share fluctuated between 1,337.5 and 1,330.6 before ending a net 4.3 up at 1,336.9. On the week, the latter was 15.7 higher.

FINANCIAL TIMES STOCK INDICES

	June 6	June 5	June 4	June 3	June 2	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	81.92	81.52	81.81	81.73	81.73	81.81	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.06	96.88	96.94	96.94	96.92	86.38	97.51 (22/4)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1336.9	1332.6	1320.6	1320.4	1316.4	1001.6	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	213.3	217.6	224.4	215.9	215.5	434.2	357.0 (27/1)	213.3 (6/6)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.15	4.17	4.20	4.20	4.20	4.62				
Earnings Yld.%(full)	10.26	10.31	10.38	10.38	10.40	11.58				
P/E Ratio (net) (*)	11.93	11.87	11.79	11.79	11.76	10.54				
Total Bargains (Est)	24,448	24,074	24,571	23,660	25,898	20,867				
Equity Turnover £m	—	497.96	477.29	494.98	745.64	380.70				
Equity Bargains	—	21,573	20,949	22,252	23,747	18,126				
Shares Traded (mil)	—	243.8	242.0	241.2	359.5	178.6				

S.E. ACTIVITY

Indices	June 5	June 4
Gilt Edged Bargains	116.8	137.7
Equity Bargains	139.8	135.7
Equity Value	1006.5	964.7
5-Day Average		
Gilt Edged Bargains	130.4	133.4
Equity Bargains	151.1	157.1
Equity Value	1181.9	1316.7

Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1332.9	1336.8	1332.9	1331.2	1331.1	1331.1	1333.5	1336.5

Day's High 1337.5. Day's Low 1330.6.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.51.

LONDON REPORT AND LATEST SHARE INDEX. TEL. 01-246 8026

Guinness Peat higher

Guinness Peat featured merchant banks, rising 7 afresh to 94p on rumours that the United Kingdom Temperance and General Provident Institution had sold its 22.17 per cent stake in the company to a predator and a bid of around 120p per share will ensue. Elsewhere, Commercial Bank of Wales gained 4 to 77p on speculative buying; it was announced on Wednesday that Sir Julian Hodge and the First National Bank of Chicago had received several approaches regarding the possible sale of their combined 49 per cent shareholdings in CBW. A friendless sector throughout the week following brokers' profits downgrading of Barclays, the major clearing banks perked up. Barclays rallied 5 at 483p and NatWest recovered 10 at 745p.

Quietly firm trading conditions prevailed among Composite Insurances. Sun Alliance added 7 at 632p and General Accident put on 3 more at 810p. Elsewhere, Pearl appreciated ¾ at £13⅜ and Sun Life firmed 7 at 800p. Lloyds Broker PWS International improved 5 to 265p ahead of Monday's preliminary results.

Dealers reported improved demand for leading Breweries. Scottish and Newcastle again held centre-stage and advanced 9 for a two-day gain of 19 to 212p as rumours persisted on a bid from Argyll Group, 5 cheaper at 325p.

Leading Buildings made fresh progress before easing back on profit-taking. George Wimpey finished 4 dearer at 196p, after 198p, while Tarmac, after early progress to 466p, reverted to the overnight level of 462p. Redland retained a gain of 5 at 444p, while similar improvements were seen in John Laing, 447p, and Taylor Woodrow, 668p. Profit-taking in the absence of any bid developments left Barratt Developments 4 off at 152p, but AMEC revived and put on 5 to 259p. John Mowlem continued to respond to a "chart buy" signal and rose 6 afresh to 382p, but Robert M. Douglas, a firm market recently on speculative buying, slipped 3 to 115p. Aspinall were an erratic market in the wake of the agreed offer for Lorne Exploration and, after dipping to 42p, rallied strongly to close 4 higher on balance at 52p. Expansion hopes again stimulated Raine Industries which touched 64p prior to closing a net 6 up at 62½p.

ICI drifted back to 920p before a burst of US buying lifted the close 6 higher on the day at 930p. Laporte improved 3 more to 353p, while renewed demand ahead of Monday's annual results lifted British Benzol 4 to 97p.

Woolworth dip and rally

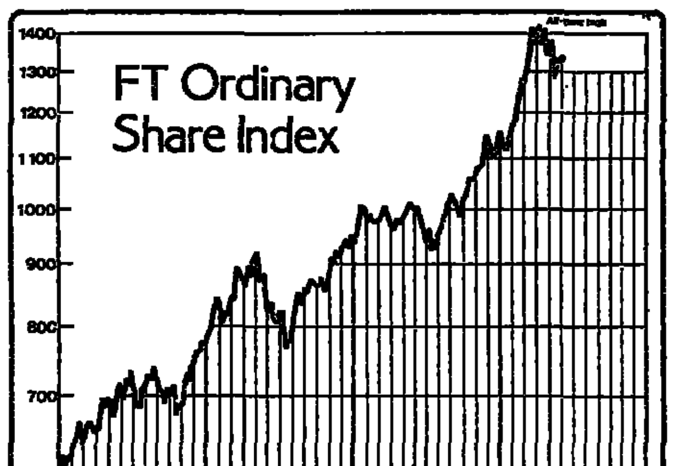
Business in leading Retailers again centred on the Woolworth/Dixons situation. Woolworth dipped to 820p as unwelcome suitor Dixons announced acceptances amounting to only 0.15 per cent of the former's equity and elected to extend the offer until June 19, thereby dashing widespread hopes of revised terms in the near future. Woolworth staged a useful rally after-hours, however, to close only 15 cheaper on balance at 840p following the company's forecast of pre-tax profits of not less than £105.5m for the current year. Dixons eased a few pence to 352p.

Elsewhere in Stores, Combined English encountered revived speculative demand and rose 9 to 230p, but occasional offerings clipped 5 from Burton at 252p, and left Sears 3½ lower at 127p. Further consideration of the preliminary results saw Storehouse ease 5 to 295p. Laura Ashley, on the other hand, hardened 6 to 191p amid talk of a bullish circular from a leading US broker. Tobacconist Alfred Preedy put on 4 more to 126p; the shares have risen 20 over the week in the wake of Gallaher's surprise bid for NSS Newsagents. Demand in a thin market lifted S and U Stores a couple of pence to 41p.

Oxford Instruments returned to prominence in Electricals, rising 23 to 555p as investors showed an increased interest ahead of the results scheduled for June 17. Memcom jumped 8 to 35p following the proposed £2m rights issue and news of a Middle Eastern order, while improvements of 5 and 9 respectively were seen in Brown Boveri Kent, 98p, and Forward Technology, 56p. Electrocomponents lost 10 to 375p ahead of Tuesday's preliminary figures and Telephone Rentals reflected fading takeover hopes with a fall of 5 at 230p. Cifer softened a fraction to 131p following profit-taking in the wake of the results. With the exception of British Telecom, which softened a couple of pence to 230p, the leaders were quietly firm. Thorn EMI put on 5 at 462p and Racal added 4 at 204p.

Bootham provided a firm feature in Engineerings, jumping 205 to 625p, after 650p, in response to the surprise bid from Dowding and Mills. APV, meanwhile, closed 52 better at 670p following an increased and final offer from Siebe. Frederick Cooper added 5 at 130p following speculative buying and William Boulton added 2 to 16½p for the same reason. Whessoe advanced 12 to 108p as bid rumours continued and TI, dull earlier in the week on fears that Evered was on the verge of selling its stake in the company, rallied 10 to 526p. Among the leaders, GKN rose 5 more to 353p ahead of a broker's visit to the company next week.

The majority of leading Foods settled a shade lower on balance as recent excitement fuelled by bid speculation in the wake of two sizeable vendor share placings subsided. Cadbury Schweppes, which announced a vendor placing on Monday to partly finance the acquisition of Canada Dry from Nabisco, slipped to 171p before revived US demand left the close a penny dearer on balance at 174p. Dee Corporation, however, still overshadowed by the controversy surrounding the vendor placing in connection with the acquisition of Fine Fare from Associated British Foods, dipped to 225p before settling 5 down at 230p, a fall of 25 over the five day period. United Biscuits softened a penny as AB Foods bid rumours abated, while Rowntree Mackintosh slipped 5 to 463p. Northern Foods, a firm market recently following acquisition news, eased a couple of pence to 290p, but old takeover favourite Hillards revived with a gain of 6 at 223p and Freshbake added a couple of pence more to 94p.



Grand Metropolitan continued to attract buyers and closed 5 higher at 400p, but profit-taking clipped a couple of pence from Trusthouse Forte, at 160p. Ladbroke were again actively traded and touched 368p prior to closing a penny off at 360p. Elsewhere in Hotels and Caterers, Aberdeen Steak Houses firmed 4 to 50p and Garfunkels gained 5 to 150p.

Beecham wanted

Buying ahead of Wednesday's annual figures helped Beecham feature the miscellaneous industrial leaders with a rise of 10 at 413p. Glaxo improved ⅛ at £10⅛ and Reckitt and Colman moved up 7 at 837p. Boots, however, cheapened 4 at 249p. Elsewhere, *Bowater continued to reflect Hanson Trust stake sale* speculation with a fresh rise of 8 at 323p, while Amber Industrial jumped 27 to 235p in response to speculative buying ahead of the preliminary results scheduled for next Thursday. Sold down further to 265p initially, Christies International rallied strongly to close 15 dearer on balance at 290p following the chairman's reassuring statement regarding the Christallina libel case. Epicure rose 1½ to 20½p on asset injection hopes in the wake of a sizeable stake in the company changing hands and Dominion International firmed 5 more to 113p in anticipation of Monday's annual results. Ecobric, actively traded in the traditional option market this week, rose 3 more to 24p, while Armour Trust added 2½p at 28p and C. H. Beazer 6 at 216p.

Tottenham Hotspur firmed 6 to 68p on news that the company had contracted to sell its Cheshunt training ground for £4.9m, but Greenwich Cable Communications dipped 7 to 22p following the announcement that a prospective contract had been lost. Sangers Photographic gained 4 to 118p ahead of the results, while Piccadilly Radio added 1½ to 30p in reply to the annual figures and encouraging statement. Juliana's revived with a gain of 7 at 45p.

Ford's decision to increase vehicle production coupled with reports of buoyant new car sales prompted further demand for selected Distributors. BSG International, still aided by a broker's bullish circular, hardened 2 for a week's advance of 8 at 48½p. Fellow Ford main dealer Alexanders improved 2½ to 15p. Caffyns continued to attract buying ahead of next Thursday's annual results and put on 8 more to 232p —a gain of 24 over the five-day period. Fresh demand in a relatively thin market lifted Appleyard 8 to 153p, while T. Cowie, due to float 50 per cent of its financial activities shortly, closed 12 up at 184p. Components again featured a lively business as AE; up to 183p in initial trading amid fresh hopes of a bid from GKN, the shares encountered sporadic profit-taking but still retained a gain of 4 on the day at 177p. Lucas were also wanted and closed 13 higher at 575p.

Leading Properties were quietly firm. Land Securities edged up 3 to 318p and MEPC hardened a couple of pence to 348p, after 350p. Secondary issues again provided several noteworthy movements, with Marler Estates prominent at 395p, up 30, on speculative demand. Dares Estates were 1½ *up at 18½p for the same reason.* Sheraton Securities firmed 2 to 45p and USM-quoted York Mount added 3 to 75p, while St Modwen added a couple of pence to 18½p. By way of contrast, Rivlin, a firm market on Thursday following favourable Press comment, encountered profit-taking in the wake of acquisition news and the statement expressing caution over its French property site and at the close was 20 down at 160p. Profit-taking also left its mark on Phoenix Property, 6 lower at 87p; Professor Roland Smith has been appointed chairman of the company. Property Security and Investment attracted support at 118p, up 4, while Greycoat firmed 6 to 252p; the latter's annual results are due on June 25.

Textiles were generally subdued. Hickling Pentecost provided a notable exception, however, rising 4 for a gain of 11 on the week to 48p; the annual results are expected early next month. Speculative support was also evident for John Crowther, 147p, and Parkland A, 140p, both up 6, but sellers held sway in Illingworth Morris, finally 4 cheaper at 119p. Davenport Knitwear, firm earlier in the week in the wake of a newsletter recommendation, rose 20 more in a thin market to 290p.

Financials were rarely altered with the noteworthy exception of Oceana Consolidated which touched 60p before settling 14 up on balance at 58p in response to a newsletter recommendation.

Oils easier

Leading oils initially gave ground on reports that OPEC members would prefer to see lower crude oil prices rather than cuts in output quotas. However, quotations subsequently staged a modest rally to close with only minor falls on balance. Shell settled 5 cheaper at 795p, while losses of a few pence were common to BP, 581p, after 578p, and Britoil, 178p. LASMO rallied from an early 113p to close a net 2 better at 118p.

Second-liners included an outstanding performer in Century Oil which touched a 1986 high of 130p at the outset, boosted by the sharply increased profits and dividend, before dipping back to 119p and finally ending the session a net 10 to the good at 127p; over the week Century shares advanced 22. Great Western Resources eased 2 to 71p on news that the company's brokers had purchased 440,000 ordinary shares which will now be cancelled. Elsewhere, Australia's Meridian Oil added 3 at 15½p following strong buying interest in overnight domestic markets.

Among Overseas Traders, Tozer Kemsley and Millbourn rallied 7 to 168p, after 173p, amid renewed "down-under" interest; sentiment was also helped by reports of increased car sales in the UK. Elsewhere, buyers also returned for Polly Peck which attracted "call" option business and firmed 5 to 185p.

Recent pressure on South African mining markets eased considerably and minor falls in sterling priced issues were attributable to the rise in sterling against the dollar. The South African currency, which recently fell away to a record low on growing international unease over the possibility of large-scale civil unrest in the Republic during the run-up to the 10th anniversary of the 1976 Soweto riots, was much steadier and this induced modest overseas buying of Golds, which were left with falls that extended to a maximum of ½ in the heavyweights such as Randfontein, £43½, and OFSIL, £12½. Among the cheaper priced issues Elandsrand performed poorly and settled 22 off at 302p, while Ventersport gave up 13 to 269p. The Gold Mines index dipped 4.9 to 213.3, its lowest level since July 1982.

South African Financials mirrored the trend in Golds. "Amcoal" lost a further 25 to a 1986 low of 650p and Anglo American Corporation were 15 down at 700p, the latter despite the record dividend payment at the beginning of the week. Gold Fields of South Africa settled another 17 cheaper at 601p.

UK Financials were neglected all day but Hampton Areas, at 152p, retained a week's gain of 12; during the five-day period it was announced that Mr Ron Brierley's IEP Securities acquired a stake of around 1.5m shares in Hampton Areas which is currently the subject of a 130p a share bid from the Alan Bond-controlled Metals Exploration.

Australians moved narrowly. Golds provided a handful of firm features, especially Gold Mines of Kalgoorlie which advanced 20 to 375p. Great Victoria Gold were a shade firmer at a 1986 high of 32p amid vague bid roumours.

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (86)

BRITISH FUNDS (2). AMERICANS (2). BANKS (1). BUILDINGS (7). CHEMICALS (3). STORES (6). ELECTRICALS (4). ENGINEERING (12). FOODS (3). INDUSTRIALS (14). LEISURE (2). MOTORS (4). NEWSPAPERS (1). PAPER (2). PROPERTY (7). SHIPPING (1). TEXTILES (2). TRUSTS (11). OILS (1). MINES (1).

NEW LOWS (32)

CANADIANS (3) Gt Pacific Res. Imperial Oil, Muscocho Expln. BANKS (1) Mercury Intl. CHEMICALS (1) Rentokin. STORES (1) Goodman Bros. ELECTRICALS (3) PPL, Real Time Control, Sigmex Intl. FOODS (2) Argyll Group, Dee Corp. INDUSTRIALS (5) Bruntons (Muss), Christies Intl, Dover Corp, Ovenstone Invs, Securicor. PROPERTY (1) Rush & Tomkins. SHIPPING (1) Lyle Shipping. TRUSTS (1) North Sea Assets. OILS (1) Sovereign Oil. MINES (12) Deelkraal, Elandsrand Gold, Hartebeest, Venterspost, Western Areas, Beatrix Mines, FS Cons Gold, Welkom Gold Hldgs, Anglo American Coal, Anglo American Corp, Gold Fields SA, OFS Invs.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
AE	177	+ 4	Phoenix Props. & Fin.	87	− 6
Century Oils	127	−10	Raine Inds	62½	+ 6
Cowie (T.)	184	+12	Rivlin (I D & S)	160	−20
Glaxo	£10⅛	+ 0⅛	Tozer Kemsley	168	+ 7
Jaguar	517	− 1	Wimpey (Geo.)	196	+ 4
Ladbroke	360	− 1	Woolworth	840	−15

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
AE	23	173	+31	Birmid Qualcast	14	135	+ 7½
Jaguar	16	518	+15	Cadby Schwpps	14	173	+ 4
Ladbroke	16	361	− 6	Grand Met.	14	395	+ 7
Rivlin (I D &S)	15	180	+37	Prudential†	14	160pm	+ 5
Cable & Wire.	15	655	+10	Dowty	13	229	—
Assoc. News	14	306	+15	Reed Intl	12	987	+57

† Nil-paid

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday.

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Dowty	103	229	+18	Polly Peck	88	180	−21
Prudential†	102	160pm	−20	Amstrad	85	585	+10
Cable & Wire.	90	655	+15	Boots	84	253xd	− 2½
Br. Aerospace	83	522	− 8	STC	84	148	+ 8
ICI	89	924	+25	Reed Intl.	83	987	+164
Cadby. Schwpps	88	173	+ 9	Ladbroke	81	361	+33

† Nil-paid

RISES AND FALLS YESTERDAY

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the Week Rises	On the Week Falls	On the Week Same
British Funds	93	12	8	244	161	156
Corpns. Dom. & Foreign Bonds	19	1	51	73	57	225
Industrials	306	282	908	1,626	1,347	4,513
Financial & Prop.	116	78	386	565	387	1,938
Oils	14	30	75	104	101	390
Plantations	1	2	12	7	6	62
Mines	17	55	109	178	235	492
Others	47	106	69	268	498	346

LEADERS AND LAGGARDS

Percentage changes since December 31, 1985, based on Thursday, June 5, 1986.

Metals and Metal Forming	+45.93	Insurance (Composite)	+17.31
Motors	+43.35	500 Share Index	+17.23
Textiles	+39.67	Brewers and Distillers	+17.14
Publishing and Printing	+34.02	Mining Finance	+17.04
Contracting, Construction	+30.88	All-Share Index	+16.25
Other Industrial Materials	+28.92	Stores	+15.98
Capital Goods	+27.42	Investment Trusts	+15.67
Electricals	+27.33	Food Manufacturing	+15.49
Building Materials	+27.29	Property	+14.54
Packaging and Paper	+26.85	Overseas Traders	+12.84
Mechanical Engineering	+25.61	Shipping and Transport	+11.95
Office Equipment	+24.95	Banks	+11.82
Health and H'sehold Products	+24.76	Financial Group	+11.74
Merchant Banks	+23.72	Other Groups	+10.46
Tobaccos	+21.37	Oils and Gas	+ 7.47
Electronics	+20.71	Telephone Networks	+ 1.80
Leisure	+18.87	Insurance (Life)	+ 1.30
Industrial Group	+18.54	Food Retailing	+ 1.21
Consumer Group	+18.16	Insurance Brokers	− 0.35
Chemicals	+17.65	Gold Mines Index	−12.69

TRADITIONAL OPTIONS

Account Dealing Dates
Option

*First Declara- tions	Last Dealings	Account Dealings	Day
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7
July 7	July 18	Oct 9	Oct 20

* "New-time" dealings may take place from 9.30 am two business days earlier.

Stocks favoured for the call included Johnson and Firth Brown, Evode, William Boulton, Equity and General, Spong, AE, Widney, Barrie Investment and Finance, Amstrad, Brent Walker, Dwek, Polly Peck and Jack L. Israel. A put was taken out in Charterhall, but no doubles were reported.

STOCK EXCHANGE DEALINGS

Details of business done below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share Information services. Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. Φ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

Asian Development Bank 10¼pcLn 2009 £105¾ ⅟₁₆
Australia (Commonwealth of) 9½pcLn 2012 £97½ ⅞
European Investment Bank 10¾pcLn 2004 £107 (4/6). 11pcLn 2002 £112⅛
Finland (Republic of) 11½pcLn 2009 £113⅛
Inter-American Development Bank 9¾pcLn 2015 £101⅞ ¼ ⅞ 2¾ ⅟₃₂ (30/5). New 9¾pcLn 2015 £100¾ ⅞ 1 (5/6)
International Bank for Rec and Dev 9½pcLn 2010 £100¼Φ. 11.5pcLn 2003 £117¼ (2/6)
Malaysia 12¼pcLn 1988 £102¼

B.S.G. Internat 12½pcLn 1993-98 £112½
BSR Internat 5½pcLn 1985-90 £81 (2/6)
BTR New 312 3 5 7 8
Babcock Internat 4pcPf (£1) 58 (4/6)
Baldwin 7pcPf (£1) 51 (2/6)
Banro Inds 215 (3/6)
Bardsey Wrnts 3½ 4 (3.6)
Barham (2½p) 152 4
Barker Dobson 6¼pcLn 1990-95 £70
Barker (Charles) (5p) 152Φ. New (5p) 150 1 2 3 5
Barr Wallace Arnold 150 5
Beazer (C.H.) (Hldgs) 8½pcLn 2000 £162 3 (3/6)
Beecham 8½pcLn 1984-94 £90½ 3 (4/6)
Belgrave Hldgs 7pcPf (£1) 60
Benlox Hldgs 8pcPf (£1) 157
Birmid Qualcast 7½pcLn 1987-92 £85 (4/6)
Blackwood Hodge 9pcLn 1985-90 £86 (2/6)

London Continental Advert Hldgs 11½pcLn 1995-2002 £275 (3/6)
London Northern Grp 5.4pcPf (£1) 67½
London Intnl Grp 8pcLn 1990-95 £81 (2/5). 10½pcLn 1990-95 £96 (30/5)
London Park Hotels 4½pcPf (£1) 39 (3/6)
Lonrho 7½pc1stDb 1986-91 £84. 2ndDb 1987-92 £96 (3/6). 12¼pc2ndDb 1985-90 £103½ (4/6)
Low Bonar 6pc1stPf (£1) 56 7 (30/5). 5½pc3rdPf (£1) 52 (30/5)
Lucas Industs 7¼pcLn 1983-98 £86 (3/6). 10½pcLn 1992-97 £98½ 9
M.Y. Drt Old (10p) 31
McAlpine (A.) 9pcPf (£1) 121 3 (3/6)
Macanic (London) 7½pcLn 1986-91 £71 (4/6). 7¼pcLn 1986-91 £75 (4/6)
McCarthy Stone 7pcLn 1999-04 £127 (4/6)

S E DEALINGS

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

UNLISTED SECURITIES MARKET

Memory Computer 7.06cPf 1994-96 (Ir£1) 150
Monotype Cpn New (10p) 154 6
Musterlin Grp (20p) 126. New (20p) 125 (4/6)
Parkfield Grp 7pcPf (£1) 165 7 3
Paul Micraci Leisurewear (5p) 12 (30/5)
Pavion Intnl 11pcLn 1994-2002 £100
Perkins (John) Meats (10p) 27 30
Savage Grp 103 (30/5). New 103
Sigmex Intnl (10p) 64 6 (4/6)
Splash Products New (10p) 72 (4 6)
Swindon Private Hospital (£1) 110 5
Technolan (FFr100) £355 (4/6)
Usher (Frank) Hldgs New (5p) 93 4 5
West Yorkshire Independent Hospital (50p) 76ф 7ф 8ф
Worcester Grp New (10p) 143 4
York & Equity Trust (10p) 40 (4/6)

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

Aberfoyle 365ф (4 6)
Acorn Secs 33ф (4 6)
Adelaide Steamship 590
Advanced Micro Devices £17[illegible]ф (2 6)
Alliex Hldgs 75 (4/6)
Allied Stores Corp £29¼ (3 6)
Allstate Explorations 9½
Amerada Hess £14½ф (2/6)
American Brands 9¼pcBds 1988 £93½ ½ (4 6)
Amoco Corp £43¼
Ampol 116ф 160 25 (4 6)
Amsterdam-Rotterdam Bk Fl 111ф

Oil Search 12½ ¼ 13¼
Ollmet Res 57 ½ 8 ½ (30 5)
Pancontinental Pet 4¾ 5¼ (2 6)
Paragon Res 14½ф
People Express Airlines 587½ф (4 6)
Peugeot SA FFr 890 5
Pioneer Concrete Svcs 131ф (4/6)
Poseidon 132
Pretoria Portland Cement 145ф (4 6)
Regal Hotels Hldgs 10ф (3 6)
Regent Mining 61 (3/6)
Rembrandt Group 925 (4/6)
Selangor Coconuts 35 7 (30 5)
Sharp Corp 400ф
Siemens £173¼ф DM 613½
Singapore Airlines 200ф
South Eastern Pet 9½ф ¼ (3 6)
Standard Oil Ohio £29¼
Sumitomo Metal Inds 69
Swire Pacific B 15⅞
Tandem Res 55 (3 6)
Tandy Corp £28¼ф (2 6)
Teck Corp B £10ф
Terrex Res 9½ф (2/6)
Thyssen DM 156ф
Tooth 275 (4 6)
Tri-Continental Corp £20½ (4 5)
Unilever NV (Fl 20) £123 85ф 123 55
United O'seas Bk 108ф (3 6)
Veba £76¼ф DM 271 (4 6)
Volkswagenwerk £155¼ф US$235½ф (4 6)
Wal-Mart Stores £32¾ф (3 6)
Westcoast Transmission 675ф (4 6)
Westmex (New Nil Pd) 40ф 1ф 20 3ф (4 6)
Woodside Pet 43
Do (Lon Regd) 43ф
Wooltru 215ф (3 6)
Woolworths (A$0.50) 140ф (3/6)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Publishing Hldgs (5p) 16 ½ (4/6)
Radio City (Merseyside) 50 (2/6)
Rangers FC (£1) £12.50 13.55 (30 5)
Real Est Comm Tst 7¼pc1stDb 1990-95 £93 ½
Red Rose Radio A NV (10p) 30 ½ (3/6)
Seymours 4pcPf 50 (2/6)
Sinclair Research 63 5 (4 6)
Sun Quay Invs (£1) 124 8
Southern Newspapers (£1) 222 4 6
Taddale Invs (10p) 8½ (3 6)
Theme Hldgs (2p) 50 3 (30/5)
Utd Tst Credit (£1) 405 10
Weetabix A NV 158½ 9 (3 6)
Winchmore 49½ ½ 50 (4/6)
Wistech (1p) 13 ½

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

None

CONTRACTS

Dowty's Malta offshoot wins £3.4m job for Ford

DOWTY (MALTA), an offshoot of Dowty Group, has won a US$5m (£3.4m) contract to furnish Ford Motors of the US with a range of automobile component rubber seals. The order was landed as part of a trade reciprocity deal in which Ford are being allowed to ship more cars to Malta. Automobile makers are obliged by the Government to match sales to Malta with purchases from local firms in a bid to step up exports. Dowty is the second Maltese firm to be contracted by Ford. A West German outfit operating on the island is currently exporting electrical components to Ford Europe.

*

YOUNG AUSTEN & YOUNG (a member of the Trafalgar House Group) has a contract valued at £1.4m for the installation of a service complex at St HeHlen's Hospital, St Helen's, Lancashire, due for completion in 1987.

*

Brown, Boveri und Cie AG and its Swiss-based parent BBC AG Brown, Boveri und Cie have won orders from Jordan for radio antennae and broadcasting equipment worth DM 100m (£29.2m). The German company will supply a long-wave antenna, a medium-wave antenna and short-wave antennae planned at Qasr Kheranae. The order is worth around DM 28m (£8.17m). The Swiss company has won an order worth about DM 72m (£21m) for a broadcasting station at Qasr Kheranae, including switching machinery and power-generating equipment.

*

DELTA CONSTRUCTION CO has been awarded contracts worth over £3.2m for tunnelling and main drainage projects in the private and public sectors. For Sandwell Metropolitan Borough Council, acting as agent for Severn Trent Water Authority, the company is carrying out a £1.3m second phase of the Toll End to Ray Hall trunk sewer.

*

Two refurbishment contracts totalling £1.5m have been awarded to **MICHAEL BAKER CONTRACTS** for up-grading offices at the headquarters building of Cannon Assurance at Wembley and the City of London offices of solicitors Simmons & Simmons.

*

Hertfordshire County Council has awarded **BALFOUR BEATTY CONSTRUCTION** a £110,000 contract for removing existing surfacing from bridge decks, waterproofing the deck slab and restoring the carriageway on ...

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

AUTHORISED UNIT TRUSTS & INSURANCES

Clerical Medical/Fidelity—Cont.
Executive Investment Pension Plan
Prices on June 4. Unit dealings on Wednesday

Cash Fd.	135.4	142.6	+0.3	—
Mixed Fd.	190.5	200.6	-0.2	—
Fixed Int. Fd.	154.7	162.9	-1.5	—
UK Equity Fd.	222.0	233.7	+0.6	—
Property Fd.	128.6	135.4	+0.1	—
Overseas Fd.	182.5	192.2	—	—
Index Linked Fd.	113.6	119.6	-0.8	—
Stock Ex. Fd.	154.2	162.4	-0.2	—
North Am Fd.	120.7	127.1	+3.0	—
Far East Fd.	125.8	132.5	-0.2	—
Special Sits Fd.	150.8	158.8	-1.4	—
Europ. Fd.	143.1	150.7	-2.1	—

Initial prices available on request.
For other prices telephone 0272 290566

Clerical Medical Managed Funds Ltd
15 St James's Sq, London SW1Y 4LQ 01-930 5474

Cash	167.6	167.6	+0.3	—
Mixed	277.9	284.8	-0.2	—
Fixed Interest	245.4	249.1	-2.2	—
UK Equity	325.7	335.5	+0.8	—
Property	147.3	153.9	+0.1	—
Overseas	279.9	293.9	—	—
Index Linked	129.1	131.0	-0.9	—
Stock Exchange	159.5	163.5	-0.1	—

Prices on June 4. Unit dealings on Weds

Colonial Mutual Group
24 Ludgate Hill, London EC4P 4BD 01-248 9861
CML (Unit Assurances)

Key		154.33	—	—
Pacemaker		179.17	—	—
Cash	119.03	125.29	—	—
Equity	223.65	235.43	—	—
Fixed Interest	168.56	177.45	—	—
Managed	189.79	199.77	—	—
Property	197.64	208.00	—	—

CML (Pension Annuities)—Rainbow Plans

Cash Cap	115.48	121.57	—	—
Cash Inv	125.51	132.12	+0.08	—
Equity Cap	296.78	312.41	-3.20	—
Equity Inv	322.56	339.54	-3.25	—
Fixed Int Cap	179.85	189.33	-2.04	—

Friends' Provident Life Office
Pixham End, Dorking (0306) 885055
Life Funds

Cash Accum	115.6	121.7	—	—
UK Eq Acc	179.1	184.4	—	—
Stewardship Acc	158.5	166.9	+0.6	—
Fixed Int Acc	131.3	138.3	+0.3	—
Index Linked Acc	104.0	109.5	-0.5	—
Mixed Acc	151.3	159.3	-0.1	—
Overseas Eq. Fund	153.5	161.6	-0.9	—
Property Acc	132.0	139.0	—	—

'Individual Pension Funds'

Cash Cap	115.8	121.9	+0.1	—
Cash Acc	129.2	136.0	+0.1	—
UK Eq Cap	165.3	174.1	-0.1	—
UK Eq Acc	184.1	193.8	—	—
Stewardship Cap	165.1	173.8	+0.8	—
Stewardship Acc	176.7	186.0	+0.9	—
Fixed Int. Cap	131.5	138.5	+0.3	—
Fixed Int. Acc	146.4	154.2	+0.4	—
Index Linked Cap	95.4	100.5	-0.4	—
Index Linked Acc	106.3	111.9	-0.5	—
Mixed Cap	145.6	153.3	-0.2	—
Mixed Acc	162.1	170.7	-0.2	—
Overseas Fund Cap	163.9	172.6	-1.1	—
Overseas Acc	182.4	192.1	-1.2	—
Property Cap	102.2	107.6	—	—
Property Acc	113.9	119.9	—	—

Managed Pension Fund—prices on request

GT Management Ltd
8th Floor, 8 Devonshire Sq, EC2 01-283 2575

GT Plan Bond Fund	173.3	182.5	-1.0	—
GT Plan High Yld Fnd	184.4	194.2	+0.5	—
GT Plan Far East Fnd	169.9	178.9	+0.5	—
GT Plan N Am Fund	160.7	169.2	+0.4	—
GT Pln UK&G.E. Fnd	242.5	255.3	+1.5	—
GT Pln Wrldwde Fnd	260.7	274.5	+0.7	—
GT Pension Bnd Fnd	200.5	211.1	-1.2	—
GT Pen High Yld Fd	233.0	245.3	+0.5	—
GT Pen Far East Fd	237.6	250.2	+0.9	—
GT Pen. N. Am. Fd.	240.6	253.3	+0.8	—
GT Pen UK & G.E. Fd	296.3	311.9	+1.7	—
GT Pen Worldwide Fd	294.8	310.4	+0.8	—

Prices for Accum Units only

[illegible]

INSURANCES

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

Royal Bank of Scotland plc
42 St Andrews Sq, Edinburgh EH2 2YE. 031-557 0201

Premium Account	9.70	7.25	10.49	Qtr

Save & Prosper/Robert Fleming
28 Western Rd, Romford RM1 3LB. 0708 66966

H.I.B.A.	9.36	7.00	10.21	Daily

Tyndall & Co
29-33 Princess Victoria St, Bristol 0272 732241

Demand Acc	9.75	7.28	10.54	Qtr
Money Acc	9.53	7.12	10.31	Qtr

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc	9.00	6.73	9.77	Mth
Over £10,000	9.25	6.90	10.03	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL 15E 0752 24141

High Int Chq Acc	9.87	7.38	10.67	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ϕ Yield column shows annualised rates of NAV increase. yd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brist. Oil & Min	$2\frac{1}{2}$
Hanson Tst	16	Brit Petroleum	48
Hawker Sidd	52	Burmah Oil	30
ICI	50	Charterhall	3
'Imps'	28	Premier	$3\frac{1}{2}$
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	56	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99¾	98¼	Treas 8½pc 1984-86‡‡	99⅞xd	.....	8.51	10.00
102⅞	100½	Exch. 14pc 1986	101⅞	.....	13.76	9.23
98½	94⅞	Exch. 2½pc 1986	98½	.....	2.54	5.88
102⅞	100¼	Exch. 13¼pc 1987	102⅞	+⅛	12.94	9.21
100⅞	97⅞	Treas 10¼pcCv '87	100⅞	+⅛	10.16	9.10
97⅛	92⅞	Exch 2½pc 1987	97⅞	+⅛	2.56	6.32
101⅛	97½	Exch. 10½pc 1987	101⅛	–⅛	10.39	9.07
98⅝	93⅝	Funding 6½pc '85-87‡‡	98⅜	+⅛	6.61	8.39
101⅛	96⅞	Treas. 10pc 1987	101xd	+⅛	9.90	8.95
96⅞	90⅞	Treas 3pc 1987	96⅞	+⅛	3.10	5.99
104½	99½	Treas. 12pc 1987	104	+⅛	11.54	8.84
99¼	92⅞	Treas 7¾pc 1985-88‡‡	99⅛	.....	7.83	8.35
104	96⅛	Exch 10½pc '88	103	+⅛	10.19	8.75
102⅝	95⅛	Treas 9¾pc Cv '88	101⅞xd	+⅛	9.58	8.79
94⅝	86⅝	Transport 3pc '78-88	94⅞xd	.....	3.18	6.05
102½	93⅞	Treas. 9½pc '88	101⅛	+⅛	9.39	8.88
107⅞	98⅞	Treas 11½pc 1989	106⅛	+⅛	10.83	8.84
103½	93⅛	Treas 9½pc Cnv. '89	101⅞	+⅛	9.33	8.73
92⅛	82⅞	Treas 3pc 1989	91⅞		3.27	6.09
105⅞	95⅞	Treas 10½pc 1989	104⅛xd	+⅛	10.05	8.81
104⅞	94⅛	Exch 10pc 1989	103⅛	+⅛	9.71	8.97
107⅞	97	Exch 11pc 1989	106⅛	+⅛	10.38	8.81
93⅞	84½	Treas 5pc 1986-89	93¼	+⅛	5.36	7.30
110⅞	94⅝	Exch 10¼pcCv '89	107½	+¼	9.54	7.70
114⅞	103⅞	Treas 13pc 1990‡‡	112⅞	+¼	11.53	8.74
108⅛	97⅛	Exch 11pc 1990‡‡	106⅛	+⅛	10.31	8.80
113⅛	101⅞	Exch. 12½pc 1990	111⅛	+⅛	11.18	8.77
89⅛	79⅝	Treas. 3pc 1990	89⅛	+⅛	3.33	5.97

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

MINES—Continued

O.F.S.

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
230	118	Beatrix Mines]	118	−5	†Q15c	1.2	3.9
905	514	F.S. Cons. Gold 50c	514	−16	ZQ160c	—	10.9
240	115	Free State Dev. 10c	115	......	Q15c	1.1	3.9
962	512	Harmony 50c	535	−7	Q265c	ϕ	14.7
410	198	Loraine R1	202	......	Q75c	3.1	11.1
967	750	St. Helena R1	750	−23	Q450c	1.9	18.7
569	354	Unisel	377	−5	†Q150c	1.1	11.8
523	332	Welkom Gold Hldgs 50c	332	−4	Q234c	1.0	21.0

Diamond and Platinum

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£55	£32	Anglo Am. Inv. 50c	£43	......	Q810c	1.0	5.6
527	312	De Beers Df. 5c	410	−2	Q55c	5.1	4.0
490	315	Do. 40pc Pf. R5	375	+25	Q200c	¥	15.9
710	518	Impala Plat. 20c	540	......	Q135c	1.9	7.4
662	410	Lydenburg 12½c	475	......	†Q72c	1.0	4.6
790	500	Rus. Plat. 10c	560	......	†Q90c	1.4	4.8

Central African

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
220	155	Falcon Z5c	210xd	......	Q60c	ϕ	11.9
16	10	Wankie Col. Z$1	15	......	vQ5c	13.6	13.9
16	12	Zam.Cpr.SBD0.24	12	......	—	—	—

Finance

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
91	65	Afex Corp SA $1.50	75	......	Q7.5c	4.4	3.0
£13	650	Ang. Am. Coal 50c	650xd	−25	Q240c	3.5	11.0
£10¼	700	Anglo Amer. 10c	700	−10	Q180c	ϕ	8.0
£57½	£38	Ang. Am. Gold R1	£39⅝	......	Q1450c	1.1	10.9
£40	£24	Anglovaal 50c	£25	......	†Q300c	2.9	4.3
22	11	♦Clogau Gold 10p	14	−½	—	—	—
123	80	♥Cons. Afex Corp	80	......	NQ5½c	—	2.0
537	435	Cons. Gold Fields	438	−5	24.5	1.4	7.9
65	34	East Rand Con. 5p	39	......	1.0	2.1	3.6
820	462	Gencor R1	462	......	†Q170c	1.1	11.0
£10	590	Gencor 40c	708	−12	Q195c	2.2	8.7
33	18	Gold & Base 12½p	25	......	—	—	—
975	601	Gold Fields S.A. 5c	601	−17	†Q120c	2.0	5.9
£81	£49	Jo'burg Cons. R2	£54	......	Q875c	2.2	4.8
900	530	Middle Wit 25c	575	......	†Q105c	1.5	5.4
660	530	Minorco $BD1.40	530	......	Q22c	1.2	1.2
575	275	New Wits 50c	294	+19	†Q70c	1.6	7.1
£22¼	£12¼	OFS Invs 1c	£12¼	−¼	ZQ417c	—	11.0
21	9	Rand London 15c	9	......	—	—	—
£25	£13½	Rand Mines R1	£13½xd	......	Q350c	2.8	7.7
425	230	Rand Min. Props. R1	230xd	......	Q65c	2.6	8.4
100	60	Vogels 2½c	60	......	Q30c	1.7	14.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

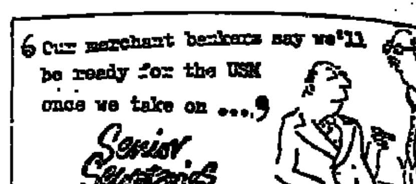
REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	120	......	Fin. 13% 97/02	£129¼	......
Craig & Rose £1	£13	......	Arnotts	325	......
Finlay Pkg. 5p	43	......	CPI Hldgs	58	......
Holt (Jos) 25p	820xd	......	Carroll Inds.	172	......
IoM Stm. £1	87	......	Dublin Gas	53	......
IRISH			Hall (R. & H.)	75	......
Fund 11¼% 1988	£103½		Helton Hldgs.	29	......
Nat. 9¾% 84/89	£102		Irish Ropes	105	......
			Unidare	190	......

"Recent Issues" and "Rights" Page 14

FINANCIAL TIMES
Saturday June 7 1986



Angola attacks Unita after S. African raid

BY ANTHONY ROBINSON IN JOHANNESBURG

ANGOLA continued to attack inland strongholds of Unita, the South African-backed rebel movement, as the Angolan Government assessed the damage inflicted by South African raiders on Namibe, a key southern Angolan port, Unita said in Lisbon yesterday.

The South African military maintained official silence on reports by the Angolan press agency, Angop, that a South African patrol boat, armed with Israeli-made Scorpion missiles, had attacked Namibe early on Wednesday.

Namibe lies a bit more than 60 miles north of the Angolan frontier with Namibia and is a vital supply port for Angolan army units mounting a three-pronged attack on Unita forces. It is connected by rail and road to Menongue, a main base for government troops, air force units and Cuban radar installations. It is also the main supply base for Cuito Cuanavale, the main forward base for the thrust against Unita.

Two empty fuel storage tanks were destroyed and a third damaged in the raid. Three ships were attacked by frogmen, who attached mines to their hulls, reported Angop. One ship, said to be carrying food, sank.

Tass, the official Soviet news agency, said yesterday Soviet and Cuban cargo ships had been hit.

As a result of "sabotage explosions," two Soviet ships, the Kapitan Visloboko and Kapitan Chirkov, were seriously damaged as they unloaded. No one was injured, Tass said.

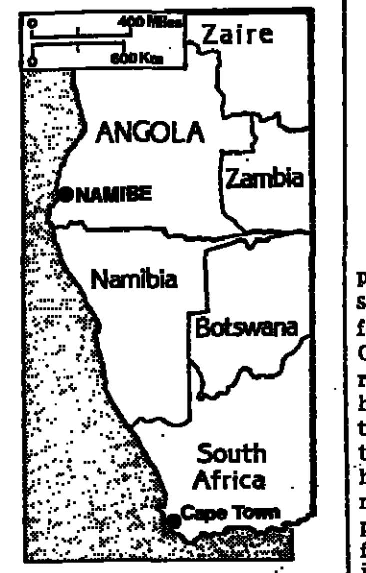
Unita said that Angolan government forces, backed by Cuban troops, were pressing on with their offensive, begun 10 days ago, against rebel bases in the south. Unita admitted it had lost control of the strategic town of Cangumbe, in Moxico province, this week.

Intelligence sources in Johannesburg believe that the attack on Namibe is part of clandestine South African military operations to disrupt government supply routes to the main battle areas.

Mr Jonas Savimbi, the Unita leader, whose forces have been fighting against the government since Angola became independent of Portugal in 1975, believes the Angolan offensive is aimed at his headquarters, at Jamba near the Nambian frontier.

Mr Savimbi visited Washington, where he received promises of US military equipment, including Stinger ground-to-air missiles to destroy helicopter gunships supplied by the Soviet Union. Moscow has heavily re-supplied Angolan government forces since the defeat last September of the previous offensive against Unita. A month ago Mr Savimbi spent two days in Cape Town where he held talks with President P. W. Botha, General Magnus Malan, the Defence Minister, and other top officials.

Cuban and Soviet-backed forces launched a similar three-pronged attack on Unita last August. This was halted along the line of the Lomba river, just north of the town of Mavinga. The main objective of the offensive last year and the current one is believed to be destruction of Unita's Jamba base.



Jordan may buy Tornado fighters

By Peter Bruce in Hanover

JORDAN IS considering buying 40 Tornado fighters in a deal which could be worth £1bn to Panavia, the British, West German and Italian consortium, which builds the aircraft.

It also emerged in Hanover yesterday that Panavia is suggesting that Tornado production could be extended by possibly 15 years from 1992 when current orders are due to run out.

The British Government, leading the Jordanian negotiations for the other partners, has been talking to Amman about a Tornado sale for four years. A final decision is likely to be made by the end of this year according to Panavia at the Hanover Air Show.

King Hussein of Jordan has flown the Tornado and the prospects for a sale have been boosted by the US decision not to sell F-16s to Jordan.

Jordan is interested in the defence version of the Tornado, not its strike variant. This will possibly make it easier for the consortium to sell to Jordan in spite of inevitable Israeli objections.

The aircraft would cost about DM 50m (£15m) each, but a deal would be bound to include separate training and spares agreements.

British-led deals to sell about 80 Tornado aircraft to Saudi Arabia and Oman, have coincided with a serious threat to negotiations to sell 40 fighters to Turkey, over financing the purchase.

However, Panavia expects current orders, which total 929, to be completed in 1992 but it is now possible that the programme could be extended by up to 15 years with a lower production rate if export talks produce further orders.

Although exports are critical to the survival of the Tornado production lines, Panavia also expects its consortium governments to agree to the introduction of a series of "mid-life" improvements to the aircraft in the mid-1990s

Siebe increases bid for APV

BY CHARLES BATCHELOR

SIEBE, the safety products and engineering company, yesterday increased its take-over bid for APV Holdings, the process engineer, by £38m to £220m.

A combination of Siebe and APV would create a company with turnover of nearly £1bn and a workforce of 21,000.

Siebe specialises in the control and filtration of gases and APV in the supply of process equipment for the food and drinks industries.

NO 23—8/81

Siebe took the unusual step of announcing an increase to its offer, made on April 24, and the addition of a cash alternative, before APV had produced a profits forecast for 1986. Bidders usually wait for a forecast from the target company to gauge by how much to increase their offer.

Siebe also said it would not increase its offer again unless a rival bidder emerged.

Mr Christopher Eugster, a director of Kleinwort Benson, which is advising Siebe, said: "We want to get on with the bid. There is enough chit-chat in the market place for us to know what they will come out with. We expect them to forecast pre-tax profits of about £27m" (compared with £15m in 1985).

Sir Ronald McIntosh, APV chairman, said: "We are very pleased they have come out earlier rather than later. We are confident we can handle an increased bid at this level. Our long-term shareholders will support us."

APV has devoted a lot of effort to attacking the commercial logic of a take-over. It argues Siebe supplies off-the-shelf systems of relatively low technology while APV supplies complex custom-made processes to its markets.

Mr Barrie Stephens, Siebe chairman, said yesterday that Siebe too provides sophisticated products to its customers.

Siebe increased its offer to 63 of its own convertible preference shares for every 10 APV shares. It valued the preference shares at 110p each to put a price of 693p on each APV share.

The original offer was 23 preference shares for every four APV shares. The cash alternative, partly underwritten by Kleinwort, is worth 670p for each APV share.

APV's shares rose 52p to 670p — the level of the cash alternative — while Siebe rose 5p to 990p.

Siebe already owns 5.5 per cent of APV while Kleinwort holds 9.3 per cent.

French jump gun on EEC post

BY QUENTIN PEEL IN BRUSSELS

BUREAUCRATS in the Berlaymont building in Brussels, headquarters of the European Commission, were yesterday seized by a nasty attack of injured pride.

The cause was not a million miles away, in Paris—that alternative capital of political machination.

At stake was what must, arguably, be the most thankless job in the European Community, director-general of the EEC budget division.

Mr Denis Baudouin, spokesman for Mr Jacques Chirac, the French Prime Minister, was seen as the villain of the piece, at least by Brussels. He took it upon himself on Thursday to announce the name of the man Paris wanted for the job —without so much as a by-your-leave to the Berlaymont.

The hapless candidate is Mr Jean-Paul Huchon, well-qualified and well-regarded former director-general of the Crédit Agricole, the farmers' bank, who has been eased out of his job under the new Chirac regime.

The trouble was that nobody told Brussels.

"The job is not free, and therefore any announcement has no substance," came the prickly reply from the European Commission.

The truth is rather more complex, as is the wont with EEC matters.

Mr Daniel Strasser, a Frenchman, has been the incumbent of the budget director's seat since the early 1970s. He has not gone yet, but he is expected to become one of the casualties in a general blood-letting affecting top jobs at the Commission.

Since Spain and Portugal joined the Community on January 1, the directors-general have been subjected to an agonising redeployment to make room for the newcomers, while preserving the delicate national balance at the top.

Mr Strasser is supposed to go once he finds a decent job, and the Commission man for his post is Mr Jean-Claude Morel, currently director-general for personnel. Mr Morel, in turn would be replaced by his British deputy, Mr Richard Hay, to make up the British complement which had been reduced by three impending departures.

Eventually, when all the comings and goings have worked their way through, four top jobs will go to Britain and four to France. If Mr Huchon joins, however, the whole precarious balance could be upset: hence the injured pride and a certain political consternation.

The premature announcement by Paris may very well scupper Mr Huchon's chances. When the Dutch Government did a similar thing this year, its candidate was rapidly rejected.

Brussels waits with bated breath.

Union tells Labour MP to resign

By David Thomas

MR JOHN GOLDING, the new general secretary of the National Communications Union, was yesterday told to resign as a Labour MP by the union's policy making conference.

Mr Golding had a majority in his Newcastle-under-Lyme constituency of 2,804 over the Conservatives in 1983. Labour polled 42 per cent of the vote the Tories 36.4 per cent and the Alliance 21.6 per cent.

The issue of whether Mr Golding would have to resign his seat immediately has caused a controversy in the union since he said he was a candidate for the union's top post last November.

Speakers at the union's conference in Blackpool yesterday who called for his immediate resignation argued that it was not possible to combine both jobs and also cited the union's rule book which says "the general secretary shall not take on any parliamentary duties."

However, Mr Bryan Stanley, the union's outgoing general secretary, said the union could be running against privileges of the Commons by ordering an MP to resign.

Mr Stanley also argued that Mr Golding was not breaking the union rules because he was not taking on any new parliamentary duties.

However, the conference voted by 103,408 to 49,280 on a card vote to instruct Mr Golding to give up his seat.

Mr Golding told the conference he would listen to the views of Labour's management committee in Newcastle-under-Lyme before reaching his decision. The seat was neither his nor the union's, but the Labour Party's.

Mr Golding has already said he wil not stand at the next General Election. The Labour Party candidate will be his wife, Llin.

THE LEX COLUMN

New lease for life

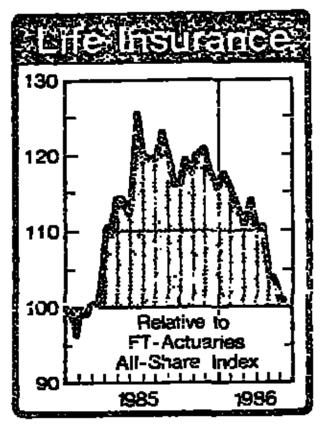
It seems an odd time to be punting the life insurance sector, which has underperformed the market since Christmas for some quite solid reasons: harrassment on the high street, a spate of opportunist rights issues or placings, the sound of regulatory bloodhounds sniffing through the commission thickets and the ever present peril—which all but did for UK Provident—that falling interest rates and equity values have destroyed the structure of bonus rates.

But the stockbrokers Quilter Goodison, whose glum communiques from the front line of the savings war have done nothing for morale at the banks or building societies, have decided in a despatch this week that there will be a victor. The life offices, not to put too fine a point on it, are a screaming buy. It appears they will pick up the lion's share of personal pensions for refugees from Serps and are well positioned for a boom in endowment and pension mortgages.

It may be that the life offices have a dreary public image, but they enjoy two decided advantages over the competition: they can raise capital from either shareholders or policyholders (as the Pru has shown) and can withstand price pressure on new business for the very reason that life products are notoriously good at disguising expense and profit margins. It could well be that current regulatory proposals will merely entrench the cartelised commission structure.

Whatever the bonanza from the run-down of Serps, and Quilter plumps for £650m in new annual premiums, the life offices clearly have the distribution network to sweep up business, though it may not quite be up to the opportunity. As for endowment mortgages, the removal of the interest surcharge and falling interest rates look set to cause a nasty fight. The banks and building societies will be scrambling for insurance commissions to replace lost interest margin and the Government will weep for Serps for its rundown will have made the lump sum in pension mortgages sacrosanct.

Index rose 4.3 to 1336.9



Gold

In a low-inflation world, gold is about the least glittery proposition in the market. With no return other than price movement, it has only slightly more appeal than that other politicised commodity, oil. At zero inflation, index-linked stock at least has a real yield to add to its vanished virtue as a store of value: gold just sits there. Even Consolidated Gold Fields in its annual survey has been able to summon up no more than a wistful reflection that a few investment managers were beginning to recommend the investment for a recovery. But spring seems to have dribbled away without a genuine sighting of this particular cuckoo.

It may seem odd that although mining houses still put long-term risk capital into gold projects, speculative investors are not even treating bullion as a home for get-away money. Old-fashioned fears of a run on the banks have receded — perhaps too far—and it remains clear that the opportunity cost of buying gold has never been higher. Even if supply from South Africa were suspended, there is still the Soviet Union, with 2,000 tonnes in storage and an established policy of selling into strength.

Siebe/APV

Siebe is becoming almost too enthusiastic in its pursuit of APV. It might seem that APV is right in suggesting that Siebe cannot keep growing without acquisitions and needs APV's healthy balance sheet to bring down its own gearing. APV thus has a fair point in asking Siebe to publish a full balance sheet. Siebe's first offer, supposedly a knock-out blow, left APV still on its feet. Now Siebe has rushed in with an even higher and technically final bid plus cash alternative, without waiting for APV's profit forecast. Perhaps Siebe, like some analysts, is so sure that APV will forecast £27m pre-tax for 1986 that it does not need to wait, and considers a modest prospective exit p/e of 14, based on the 670p cash offer, as the most it should pay.

For investors keen on short-term performance and unconstrained by capital gains tax, the cash offer must still be tempting. As for Siebe's convertible preference shares, it is amusing to see Kleinwort Grieveson as broker arguing their worth at 110p, while Kleinwort Benson the bank is prepared to pay no more than 110p for them, even if the difference is no more than the usual underwriting discount. But APV has some convincing to do on the real issue — management — if it is to stay independent.

Woolworth

In the long game that is being played for the ownership of Woolworth, it is hard to believe that the bid has technically progressed no further than its 39th day. Yet Woolworth has proved otherwise in publishing a profit forecast of £105.5m no less—on what is the last date permitted by the takeover code. Whether it has proved a great deal else is open to doubt, since recent forecasts never carry much conviction a full six months before Christmas. But at least rather than a reference to reports in the financial press is now brought in to back a valuation of the Comet subsidiary at £200m, some ... than Dixons is hoping to receive for it from Granada.

Woolworth's share price has so far resisted Dixon's attempts to shake it. But intimations that a Dixons failure certainly ... it wobble yesterday; a ... scale rush for the exits dropped the price by 35p at one point before the shares regained ... to close at 840p. Woolworth has ventured into controversial territory by offering a ... tion of the dilution that Dixons would suffer at various ... prices, should it increase its ... not only assumes profit ... casts for Woolworth that ... worth itself must be prepared to justify but implicitly ... a view on the outlook ... Dixons — where Woolworth's opinion may be less ... founded. Whatever the ... in this knotty area, it is ... that nothing will come of ... thing until Dixons produces ... strategy, and an increased ... Shareholders will be grateful that the first is at long ... promised for next week, while the second cannot be postponed beyond it.

Continued from Page 1

Bank

Lords that the UK's assumption of the presidency of the European Community's council of ministers on July 1 could affect the timing of an eventual move into the mechanism.

On the London stock market, Government gilt-edged bonds recovered strongly, with longer dated stocks gaining 1¼ points. Share prices were more volatile, with the FT ordinary share index closing at 1336.9 — up by 4.3 on the day and by 15.7 on the week.

Murdoch offer Continued from Page 1

was jobs at Wapping for the printworkers but he insisted: "Those jobs are not available."

Some in the unions last night believed that NI might move towards contacting ex-employees individually, to build on the base of those wanting an end to the dispute, and hoping gradually to increase their numbers till the dispute could be declared over.

Mr Matthews said, however: "We have no plans to do that at all."

While there is no prospect now of any increase in the company's offer, the possibility is still there that compensation money might still be available at some point — but not immediately.

The company believes that perhaps more than 1,000 Sogat members did not take part in the ballot, which might account for the rejection. The Sogat vote is about 790 less than that for a strike at the start of the dispute.

The TUC helped to negotiate the company's offer and saw it as final. Mr Norman Willis, general secretary, last night reaffirmed that view, and said he would maintain close contacts with the unions.

Left-wingers in Sogat who campaigned for a rejection of the offer were jubilant. Ms Ann Field, assistant secretary of the union's London clerical branch, said: "We will step up the dispute. Picketing will increase."

However, the union's conference in Scarborough, which starts next week, is still likely to be heated over the dispute. Calls are expected from non-newspaper members outside London for the leadership to turn its attention away from Wapping.

The Sogat executive will meet tomorrow to consider the ballot. Mr Bill Miles, national officer, accepted the membership's decision and that the strike would continue. He said the union would have to give serious consideration about how best to prosecute it.

Other print union leaders are likely to press for an early meeting of all the unions involved

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas 11¾pc '03-07	£121¾	+ 1¼
APV	670	+ 52
Alexanders Hldgs	15	+ 2½
Amber Indl	235	+ 27
Beecham	413	+ 10
Bootham Eng	625	+ 205
Boulton (Wm)	16½	+ 2
Bowater Inds	323	+ 8
Brit Benzol	97	+ 4
Century Oils	127	+ 10
Christies Intl	290	+ 15
Comm Bk Wales	77	+ 4
Cowie (T.)	184	+ 12
Guinness Peat	94	+ 7
Lucas Inds	575	+ 13
Memcom Intl	35	+ 8
Oceana Cons	58	+ 14
Raine Inds	62½	+ 6
Scot & Newcastle	212	+ 9
Tottenham Hotspur	68	+ 6
Tozer Kemsley	168	+ 7

FALLS		
Treas 2½pc IL '09	£104⅞	− ½
Barratt Devs	152	− 4
Dee Corp	230	− 5
Firstland Oil & Gas	45	− 5
G'wich Cble Comms	22	− 7
Phoenix (Props)	87	− 6
Rivlin (I D & S)	160	− 20
Woolworth	840	− 15

WORLDWIDE WEATHER

UK today: Cool with rain in E. Few bright periods in W. Outlook: changeable but warmer.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	18	64	Corfu	F	26	79	Luxmbg	C	7	45	Peking	S	32	90
Algiers	F	23	73	Dallas	F	21	70	Madeira	F	19	66	Perth	S	17	63
Amsdm	R	11	52	Dublin	F	14	57	Madrid	S	20	68	Prague	C	12	54
Athens	S	28	82	Dbrvnk		—	—	Majorca	F	20	68	Rykjvk	R	7	45
Bahrain	S	35	95	Ednbgh	C	12	54	Malaga	R	23	73	Rhodes	S	30	86
Barclna	F	18	64	Faro	S	23	73	Malta	S	29	84	Rio Jo		—	—
Beirut		—	—	Florence	F	18	64	Mchstr	C	11	52	Rome	F	18	64
Belfast	S	13	55	Frankft	C	10	50	Melbne		—	—	Salzbrg	C	9	48
Belgrd	R	11	52	Geneva	C	12	54	Mx C		—	—	Sciscot	C	13	55
Berlin	R	9	48	Gibrltr	F	24	75	Miami†	S	26	79	Singapr		—	—
Biarritz	C	13	55	Glasgw	F	14	57	Milan	S	19	66	Stiago		—	—
Bmghm	C	11	52	Grnsey	C	11	52	Montrl†	S	12	54	Stckm	F	21	70
Blackpl	C	12	54	Helsinki	C	17	63	Moscow	C	58	81	Strasbg	C	11	52
Bombay	F	34	93	H Kong		—	—	Munich	R	11	52	Sydney		—	—
Bordx	F	17	63	Innsbrk	C	13	55	Nairobi	F	23	73	Tangier	F	22	72
Boulgn	R	9	48	Invrnss	C	10	50	Naples	R	15	59	Tel Aviv	S	31	88
Bristol	F	14	57	IoMan	F	11	52	Nassau		—	—	Tenerife	F	23	73
Brussel	R	10	50	Istanbul	S	28	82	Nwcstl	C	10	50	Tokyo	R	16	61
Budpst	C	15	59	Jersey	F	14	57	N Delhi	S	36	97	Trntot	C	14	57
Cairo	S	39	102	Joburg	F	12	54	N York†	C	19	66	Tunis	S	24	75
Cardiff	C	13	55	L Plms	C	22	72	Nice	F	20	68	Valencia	F	17	63
Cape T	S	18	64	Lisbon	S	25	77	Nicosia		—	—	Venice	F	15	59
Chicg†	R	13	55	Locarno	F	19	66	Oporto	S	21	70	Vienna	F	14	57
Cologne	R	11	52	London	C	11	52	Oslo	S	19	66	Warsaw	C	13	55
Cpnhgn	C	11	52	L Ang†	C	16	61	Paris	C	11	52	Zurich	F	12	54

C—Cloudy. F—Fair. R—Rain. S—Sunny. † Noon GMT temperatures.

Continued from Page 1

Tory filibuster backfires but fails to silence Dalyell

leader, said: "It must be the first time in history that a government with a majority of more than 140 has spent so much energy practising to be an Opposition."

The filibuster was defended by Mr Peter Bruinvels, the Conservative MP for Leicester East, who said Mr Dalyell had intended to make an offensive and defamatory speech, and some of the "dirt" would stick.

"Something had to be done. The Prime Minister is quite capable of looking after herself, but we decided we should do the dirty work," he said.

Mr Dalyell's speech produced little new evidence to support his claim that the Prime Minister misled the Commons over the possibility of avoiding war in the South Atlantic in 1982, and again in April over the use of British-based F-111 aircraft in the US attack on Libya.

He made a number of new allegations about the Prime Minister's role in leaking a law officer's letter during the Westland affair, which led to the resignation of Mr Leon Brittan, the former Trade and Industry Secretary.

The Government has repeatedly denied opposition claims that the letter, from Sir Patrick Mayhew, the Solicitor-General, was leaked by Mr Brittan's department with the connivance of the Prime Minister to discredit the case presented by Mr Heseltine for a European takeover of Westland.

Mr Dalyell went further yesterday, however, claiming that the decision to leak the letter was taken by the Prime Minister and Mr Brittan before Sir Patrick was asked to write it.

"The Solicitor-General was lured by the Prime Minister, with the reluctant connivance of the Trade Secretary, into writing a letter which the Prime Minister intended to be leaked, selectively or otherwise, from before the moment it was suggested to the law officer," he said.

"In other words, the Solicitor General was set up by the Prime Minister into writing a letter when he genuinely had no notion of the purpose for which it was intended, from the very moment it was conceived in 10 Downing Street.

"The Solicitor General, an honourable law officer, was had for a sucker, used and abused in a shameful way," he said.

Mr Dalyell also accused Sir Gordon Reece, the Prime Minister's public relations adviser," of "tipping off" Sir John Cuckney, the chairman of Westland, about the existence of Sir Patrick's letter.

Westminster observers noted, however, that much of Mr Dalyell's case against the Prime Minister was built on evidence culled from newspaper and magazine articles and unnamed "authoritative source" adding credence to the observation of Mr Rhodes James that "no one would have taken a blind bit of notice if the speech had been delivered in the Commons chamber."

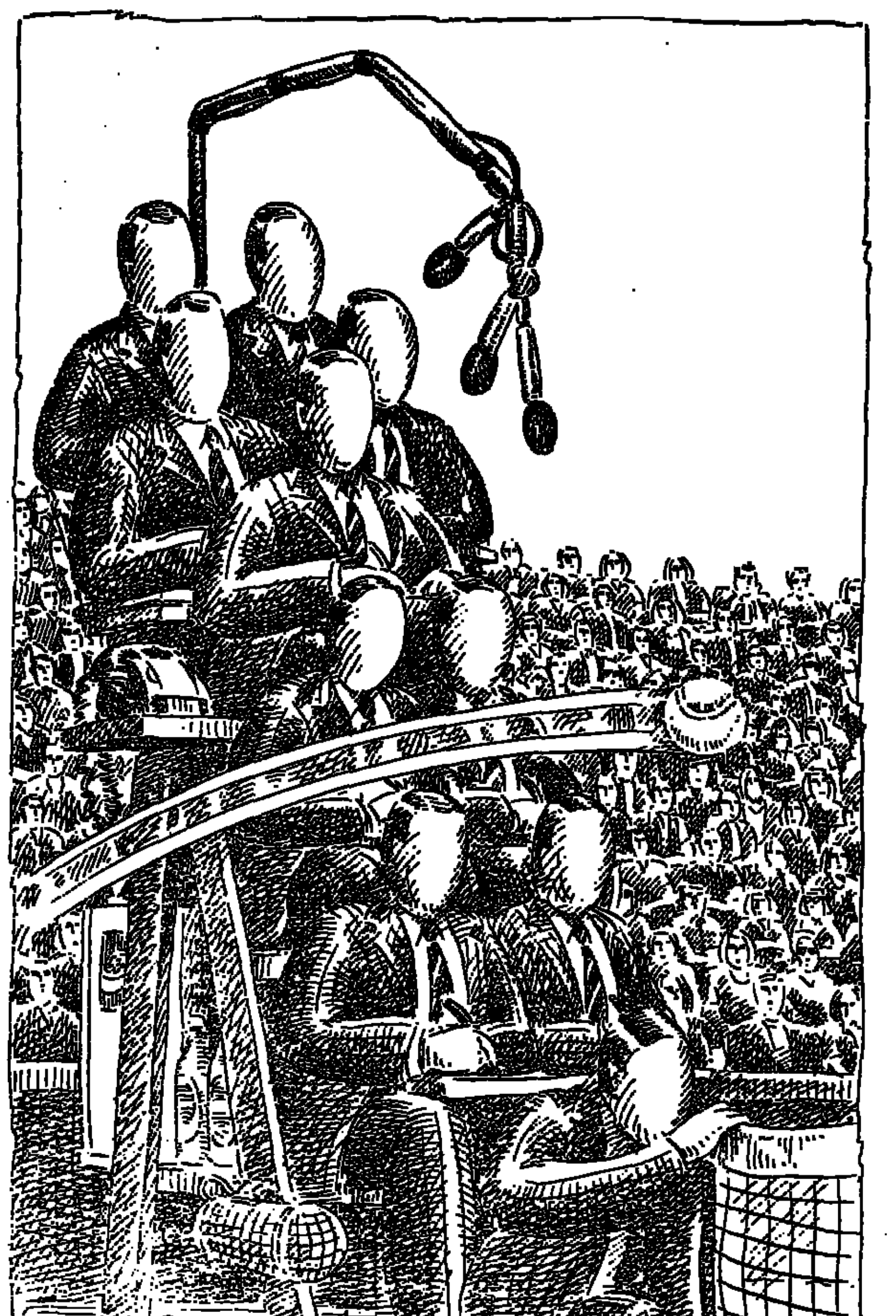
WEEKEND FT

Saturday June 7 1986

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Out of court

With Wimbledon just two weeks away, **Stephen Aris** reports on the men fighting a behind-the-scenes battle for control of world tennis and its merchandising



TENNIS FEVER is with us again. The French championships have come and gone; Queen's, the traditional curtain-raiser to Wimbledon, starts on Monday; and in a fortnight's time, the climax comes with Wimbledon itself. But though all the attention will be on the stars (can Becker do it again; and will it be Steffi Graf's year?) behind the scenes a much more serious struggle is going on.

The contenders are two groups of middle-aged men whose playing days are long since gone but who are jousting for control of the modern professional game; except it is no longer just a game but a multi-million dollar international business. Pro-tennis involves 120 countries and generates an estimated $1bn revenue world-wide if sales of sports equipment and the like are taken into account. Wimbledon alone has an annual turnover of £12m on which it makes a profit of £5m, much of it from merchandising and the sale of TV rights.

On one side of the net are the hard-worked, unpaid officials of the Men's International Professional Tennis Council (MIPTC) which struggles none too successfully to regulate a game in which money calls the shots. The guiding spirit is a 58-year-old Frenchman called Philippe Chatrier who has devoted most of his working life to the game. A former French youth champion and non-playing captain of the French Davis Cup team, Chatrier, who made his money from sports journalism, now tirelessly campaigns against opponents who seem to be everywhere and are notoriously hard to pin down.

On the other side of the net are the agents, who could be said to have created the modern game and whose influence grows every year. By far the most famous is Mark McCormack, once a golfer good enough to play in the US Open, and a lawyer by trade, but whose real talent is as a sports entrepreneur par excellence. McCormack's company, IMG, describes itself as "the largest and most successful sports marketing and merchandising organisation in the world." It has a revenue of about $300m a year, has offices in 13 countries and a stable of over 500 clients ranging from the Pope to Martina Navratilova.

Close behind McCormack comes Donald Dell, another sportsman turned businessman. While captain of the 1968 American Davis Cup team Dell recruited his fellow players, among them Arthur Ashe, Stan Smith and Charlie Pasarell, as clients, and with this stable went into the agency business. He was one of the founders of the Association of Tennis Players (ATP), the players' trade union, and eventually formed ProServe which represents about 150 athletes in nine sports and has an estimated revenue of $25m a year.

At this year's Paris championships the organisers had thoughtfully given Dell and McCormack adjacent boxes in prime position on the Centre Court so that they could watch over their clients' interests and, if necessary, compare notes—something they say they never or hardly ever do.

"Donald Dell and I have competed on every single issue in tennis for the past ten years," McCormack says. "We try and take clients away from each other, we compete to try and get tournaments and television rights. On the last count the two companies between them represented nine out of the top ten ranked players in the world and 16 out of the top 20.

If that was all the agents did there would be no problem. But in addition to representing the players, the agents also control, either directly or indirectly, the majority of the major tournaments around the world. The issue should not be over-stated. No-one contends that they have any major say in the running, as opposed to the promotion, of the so-called Grand Slam events such as Wimbledon, Paris, or the Amsterdam and Australian championships. These are big enough and important enough to look after themselves.

But that is not true of the smaller but still important events that make up the Grand Prix Circuit which attracts massive sponsorship (the present $3.5m contract is held by Nabisco Brands Inc) and for which the MIPTC is, at least in theory, responsible. In 1985 there were a total of 74 Grand Prix events of which 37 could be described as major. Of these, the MIPTC calculate Dell and McCormack control or have a substantial financial interest in at least 24. And it is the abuses that arise from this situation, so the MIPTC alleges, that has led it to declare what its officials describe as "war" on the agents.

With the game becoming more and more commercial the two sides were bound to come into conflict at some time. But what triggered the present dispute was the MIPTC's ruling last autumn that the agents should not simultaneously run tournaments and represent the players. It was a move that struck at the heart of the agents' power and that reaction was furious, instantaneous and entirely *predictable. Donald Dell protested that* the MIPTC was trying to drive him out of business. "We want to protect what we have and be left alone to conduct our business as we have always done." McCormack takes a similar view.

What followed was a fierce legal argument. The agents went on to the attack charging that the MIPTC was *trying to dominate the game;* while the MIPTC countered with allegations of monopoly, conspiracy and fraud. The battle is now being fought not on court but in court and if it had been boxing rather than tennis one could fairly say that the gloves were off.

At a press conference in London last autumn Chatrier talked of a "cancer within" and hinted that other sports with similar problems might like to follow their example. Of the agents he said: "We readily acknowledge the professional and promotional expertise they have brought to tennis . . . But their influence and control has now gone too far for the good of the game."

The agents see it rather differently. *They prefer to emphasise what they have* done for the game—and for the players. "Over the past ten years the surplus from Wimbledon has risen from £100.000 to £5m," says Mark McCormack. "And the two major contributing factors to that, I would suggest, are the television and merchandising activities.

"The entire concept of merchandising Wimbledon as a brand name was mine, 100 per cent. Unfortunately the LTA doesn't seem to know what to do with the money they get because they seem, I guess, more interested in political machinations within the LTA than they do in developing a very talented bunch of British tennis players. When you see what has happened in Sweden, it seems almost a travesty to see how badly the British game of tennis has been developed."

What McCormack has in mind is the *remarkable success of the young* Swedish tennis players. He points out that, on a budget of around £½m, the Swedish Tennis Federation has produced such stars as Borg, Wilander, Edberg and Sundstrom.

Few people outside the game realise just how powerful and all-pervasive the agents' grip has become. And the agents *take a slice all along the line.* As agent for the player they take a cut (usually 10 per cent) of his winnings and a larger share (up to 25 per cent) of his endorsement income as a reward for negotiating the contract. For a player like Jimmy Connors the money is substantial. In 1985 Connors won $462,336 in prize money and a reported $5.2m in endorsement fees.

On top of this is the money the agents earn in management fees from organising tournaments where they are responsible for everything from scheduling the matches, hiring the officials and selling the tickets. They also collect a fee from the sponsor and take a royalty on sales of merchandise. Wimbledon, for example, earns over £10m a year from the sale of TV rights and merchandising.

In many cases the agents arrange the television coverage and even do the television commentary themselves. McCormack is a regular golf commentator for the BBC.

In preparing its legal case, the MIPTC has drawn up a damaging list of indictments. It alleges, amongst other things, that the agents:

- Offer financial guarantees and wild card spots in important tournaments to induce promising and often very young players to sign up. (As the wild card entry is about the only way an unranked player can compete in a major tournament without battling his way through the qualifying rounds this is a powerful weapon)
- Threaten to withhold wild cards if the players do not sign.
- Put pressure on players to participate in their own tournaments or in those in which they have a financial interest.
- Offer directly or indirectly under-the-table guarantees to their top players to play in specified tournaments.
- Coerce tournament organisers to give them (the agents) a piece of the action in return for ensuring the appearance of their players.
- *Put pressure on tournament organisers* by threatening to run special events as a rival attraction, thus depriving the tournament of star, crowd pulling players.
- Fix schedules and TV coverage to favour their own players.

Earlier this year I went to see Philippe Chatrier in his trophy-lined office at the *Stade Roland Garros, headquarters of* French tennis, and found him in a determined mood. "It's now or never, if we are going to stop this business," he said. "We have been worrying about this for over five years and we have made a lot of concessions. But the trouble with the agents is that the more you give, the more they want."

Chatrier points out that the situation has developed far more quickly than anyone expected. "As a sport pro-tennis is still very young—only 18 years old. But it's a fact that the agents now control both sides of the street. And if things go on as they are what will happen is that about half a dozen players will finish up with all the money. I'm not *worried about the stars. What I'm con*cerned about is the good of the game as a whole."

Some weeks later I was in Paris again and this time I went to see Mark McCormack who had just checked into a suite at the Crillon for his annual fortnight at the French championships.

In the tennis business McCormack has *an awesome reputation: he is known as* the Emperor and has been described as receiving visiting reporters like messengers at court. And though his manner is informal and relaxed, he knows exactly what he wants to say and any indiscretions are finely calculated.

Plainly he had decided that the time had come to go on to the attack and raise the temperature of dispute as his remarks about Chatrier and other officials indicate.

"They say I'm in the business to make money and they are in the business for the game and no money. Well, I wanna tell you that they are in the business to maintain million dollar life styles. I think Philippe Chatrier is a very charming man and I enjoy being with him. But for him as a private businessman to generate the money to live the life he leads, he would have to earn a couple of million dollars a year.

"He flies in Concordes, stays in hotel suites, entertains the chairman of the Olympic committee and is entertained in return. They all go to the Masters, *have their council meetings in Acapulco,* they spend fortunes and they are actually so blind they don't see what they are doing. What they are doing is to maintain an ego-driven life-style in the manner of a sultan, all the while pretending that they are disinterested. Do it for nothing, my foot. They do it for a million dollars plus a year.

"The benefits are mind-blowing. The basic problem is that there are a lot of people running tennis who are supposed to do the things we have done but lack the ability and talent. So they are resentful."

This tirade was clearly launched by the idea that attack is the best form of defence, even though McCormack can on occasion laugh at himself. "You know what the German press call Chatrier?" he inquired. "Salieri." "And I suppose you're Mozart." I replied. "Yeah, correct," he said with an enormous grin. *But what about all those allegations* about conflict of interest?

Here too McCormack is nothing if not forthright. He categorically denies the *central charge that he uses his near* monopoly power to pack his tournaments with his players. "Our players play less in our tournaments than elsewhere and I've got documents to prove it," he retorts.

"Take Germany. Everybody figured that we got Germany because we had Borg. But Borg played in Hamburg only once and then he lost in the second round. And that is true all over the place."

Still on the counter-attack, McCormack charges that far from restricting the development of new events, as the MIPTC alleges, the shoe is on the other foot. "Take the Young Masters tournament. We put the idea up to Chatrier *who refused to sanction it.* But we went ahead anyway. We got BBC interest, went to Birmingham and did the event. It was terrific. It was the first time Becker had won a tournament; the first time a British television audience had ever seen him.

"But Chatrier gets furious, applies pressure through the LTA to stop us *getting referees and linesmen and tries* to pressure us through Wimbledon. Because of all this we take the event to Germany. And the only thing that happened is that Britain loses an event."

On the more detailed allegations about guarantees and wild cards, McCormack is more conciliatory. He concedes that the wild card system is open to abuse and he is sensitive to criticism about appearance money, specifically banned by the MIPTC. On wild cards he seems to draw a distinction between his own *tournaments and those where he is* merely hired as a consultant.

He says: "If I run a tournament obviously I would like to give a wild card to one of my clients. And why shouldn't I? I am the guy that made the tournament possible. I deserve to have a client in. However, if we are merely advising an event like Hamburg or Rome, we *should have nothing to do with that.* Absolutely."

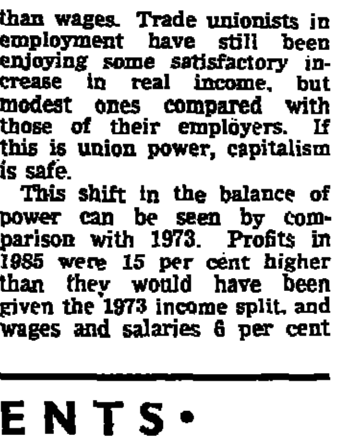
His attitude to appearance money offered to induce players to play at specific events, is that this is something outside his control, as much the fault of the players as anybody. "Let's take a client of ours, who's going to get £50,000 for playing Antwerp. And I say, 'Wait, a minute, that's an illegal guarantee. The rules don't allow it, and I'm not going to be party to it.' But then the client's going to say 'I'm going to get myself another agent.' If everybody enforced that rule, so would I. But as things are I'm not going to lose a competitive advantage."

In the final analysis, McCormack, for *all his savvy, remains deeply puzzled as* to why he should be in the dog-house. "All these evils they talk about," he muses. "The conflicts, the guarantees, the signing of young players, the wild cards, whatever. . . . You've got a sport that has sky-rocketed, higher prize money, bigger attendances. . . . What's everybody complaining about? I tell you what: the same sort of thing should happen to British football."

The Long View

Charging what the market won't bear

Trade union monopoly power should result in a squeeze on those outside the monopoly. However, argues Anthony Harris, the figures suggest just the opposite: not wage-push but profits-pull



THE OBSTINATE tendency of British wages to rise, come boom or slump, inflation or price stability, has become the text for every gloomy economic sermon to be heard these days, whether it comes from ministers impatient to proclaim zero inflation, the CBI worrying about competitiveness, or from City analysts reworking their profit projections. Most people also think that they know instinctively *who to blame.* As Mr Peter Jay wrote in a recent book review, and a pretty splenetic one at that, it is all due to trade union monopoly power.

The symptoms are recorded in the published figures—though the official statisticians now seem to think that the figures themselves are a little too bad to be true, and are looking for some better way to measure earnings. Even on the *unflattering figures* we now have, though, Mr Jay's analysis looks rather like an echo from a recent time warp. Trade union monopoly power would surely result in a squeeze on those outside the monopoly—what we have come to know as wage-push inflation. However, the figures suggest just the opposite: not wage-push, but profits-pull.

If we look at the economy as a whole, the share of employment income in total domestic income is some measure of wage-push. This share varies a good deal with the business cycle, since profits peak sharply at the climax of each cycle. Yet in 1985, which was healthy but hardly a runaway *boom,* the wage share in domestic income was actually at it lowest in any cyclical peak since 1951. Only 1973, a year of overheating, even compares.

The figures for company profits show the same picture, viewed through the other end of the telescope. The share of gross trading profits in domestic income at 17 per cent was at its highest since 1973. If you knock out stock appreciation—a rough approximation to inflation *acounting*—the peak does not look quite so startling, and there is a marginal contribution from British Telecom, but the basic story is still clear. Profits have been leading the way since 1980, with other incomes lagging in their wake.

At the same time, of course, the total figures for wage and salary incomes conceals its own split: management salaries have consistently been rising faster than wages. Trade unionists in employment have still been enjoying some *satisfactory* increase in real income, but modest ones compared with those of their employers. If this is union power, capitalism is safe.

This shift in the balance of power can be seen by comparison with 1973. Profits in 1985 were 15 per cent higher than they would have been given the 1973 income split, and wages and salaries 6 per cent lower. *Compared* with 1964, profits last year are 10 per cent higher than their former share, and wages about 5 per cent lower.

It is only when you correct for unemployment that there is any sign of trade union power; the fact that unemployment has *risen by well over 10 per cent* over the period we are reviewing suggests that those in employment have continued to push up their per capita incomes faster than total incomes were growing. But even this is a treacherous piece of arithmetic; the rise in unem*ployment quite largely reflects* the substitution of women for men in the active labour force. The total employed labour force has been more or less stable.

The broad conclusion remains true; our domestically generated inflation in the 1980s has been price and profit led, with wages following rather weakly along; trade unions have no doubt helped to insure that the adjustment has partly (but only partly) been achieved at the expense of male jobs, while men retaining jobs have done relatively well.

How has this been achieved? There is no doubt that since the colossal squeeze caused by the over-valuation of sterling in 1980-1, devaluation has been a major explanation. Devaluation is a powerful tool for transferring income into profits, as Wall Street well understands. The subsequent rise in wages is a process of readjustment which used to be blamed on trade union power, but nowadays seems to owe more to the British soft touch syndrome: it is hard to be tough at the bargaining table if you are expecting an enourmous profit-related increase in your own salary.

However, this will not do as an explanation of the longer-term trends; sterling went up before it came down, and on longer comparisons we have certainly not gained competitiveness through the exchange rate. Real exchange rates, indeed, are largely independent of policies in the long run. The oil factor has tended to drive the real sterling rate up, not down.

However, oil itself, and the investment of the surpluses *earned from* oil has tended to contribute to profit growth. The profits of oil companies are highly visible; so are the profits of the financial sector. The ways these income streams are partly diffused to the rest of the economy are less obvious, but important — dynamic pension *fund gains which have reduced* the charge on profits, downstream competition in the oil industry to the benefit of customers, higher consumer spending, keen terms for leased equipment have all helped. The benefits have spread.

However, the most direct way to improve profits is to raise your prices, and the statistics, which consistently show output prices rising fater than costs *go a long way to explain* both the profits recovery, and the consequent inflation and wage numbers. This poor comparative price performance has a very long history indeed. It certainly spans the half century since we abandoned the gold standard (at $5 to the £); and indeed we were forced off gold only because we are so uncompetitive. We were also uncompetitive at the turn of the century, when the merchandise deficit was nearly a tenth of national income.

There is certainly no space in this column to diagnose this chronic British disease; you can call it a cultural difference, which is the fashionable way of evanding awkward questions. But if Mrs Thatcher wants a new crusade, what about cutting prices rather than taxes? She has come a good way, but not far enough to cure British business of charging what the market won't bear.

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Fine Fare gives Dee something to chew on

THE STORY is not exactly fast moving. Equity prices have been broadly moving sideways throughout the week, although the gurus continue to sound warnings that the weight of cash calls from the corporate sector which are landing almost daily could stop the market in its tracks and send the All-Share Index skidding down back towards the 750 area.

Yet compared with last week's placing of half the shares of Abbey Life, requests for more investment in equities have been relatively modest in the past few days but only because Dee is structuring its latest issue in partly paid form to soften the blow of the largest ever vendor placing.

Dee is buying Fine Fare from Associated British Foods for £680m financed by over £282m new shares, increasing its capital by almost a third. AB Foods will be holding on to 135m shares for at least six months, leaving Dee to place 147.5m shares at 237p with a 100p payable on application and the balance at the end of September.

The placing caused quite a stir and institutions twisted Dee's advisers into offering three-quarters of the shares provisionally placed to existing shareholders by way of rights issue at the same price.

Yet ignoring the ballyhoo about the rights and wrongs of vendor placings for the moment and understandable concern about the profusion of leaks that heralded the Wednesday announcement — the actual terms were in the market the day before — the Fine Fare purchase is an excellent deal that will serve Dee shareholders well — eventually.

More immediately the share price has taken a dreadful hammering, falling by some 17 per cent since the beginning of last month simply because the City is far from impressed with the amount of equity the group is throwing around. Yet taking a more dispassionate view, the time could be right to pick up stock.

Fine Fare is a middle-sized food retailer with around 5 per cent of the groceries market under its belt.

On the face of it, paying £680m for a business that produced profits of around £33m last year is a high price. But those stores will contribute far more to Dee than they ever could to AB Foods. And in fairness, as a leading food manufacturing group, there was a limit to how aggressive AB Foods could be as Fine Fare's competitors are the parent's customers.

Dee can obviously implement early savings at the head office, for example, which evidently cost £16m to run last year, while its own acounting policies on depreciation and development interest costs should make the profit numbers look better.

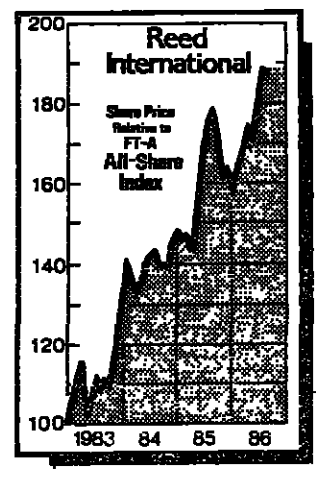
However, the significant point it that Dee's stake in food retailing is lifted to about 11 per cent where it is up alongside the likes of Tesco. Fine Fare cannot be reshaped overnight but there are clear benefits to be found in buying power, advertising pay-back and so on when all the stores are under the Gateway banner.

London

The market only has to look at how quickly Dee was able to bump up the returns from International to see the potential within Fine Fare. And even in the first year the chain could contribute £70m pre-tax which, adding in £30m for Hermans, Dee's other recent purchase, could lift the group total to the region of £200m.

Some analysts are saying the overall tax charge will come out under 20 per cent while others suggest 25 but however the final numbers shake through, earnings of between 17p and 18½p in the first year make a good case for the shares.

What exactly Gary Weston is planning now is anybody's guess. Including the 15 per cent stake in Dee, the group's liquid resources stand at virtually £900m.



Generally results have been coming in at the top end of analysts' expectations of late but few have surprised the market as much as Reed International which announced a 39 per cent leap in second half profits leaving the full year ahead by 28 per cent at £137.4m.

Although the basic trading background has been subdued Reed has been able to make headway thanks to improved efficiencies and the strength generated by falling debt. A £13m pension holiday was an obvious help but that lower level of contribution is sustainable until the next decade at least so it is hardly an opportunistic bit of cosmetic accounting (

Looking towards this year rationalisation costs and exceptional items could be more than half the just reported £12.7m. Currency movements should be kinder than last year, which cost the profit line £6m, and the full benefits of last year's re-organisation should flow through to profits.

So it is not unrealistic to point towards £160m for Reed this year, raising earnings per share close to 90p. The shares have performed phenomenally well in the last year, outperforming the market by almost 30 per cent, and still the prospective p/e is little more than 11.fi The price cannot keep romping away as it has done so far in 1986 but the rating is still on the lean side for a publisher—and that accounts for *about half the profits these days.*

The half time figures from Hanson were greeted with somewhat less enthusiasm even if true to the television advertisement. Hanson is a company doing well "over there." Pre-tax profits came out at £157.6m, against £106.1m including a three month contribution from SOM which probably chipped in around £10m net. Lower interest charges—by £30m—was another feature following last year's market-breaking rights issue.

The UK operation looked at best flat with a 5 per cent improvement to £72.3m while the US (with SCM) jumped by 24 per cent to nearly £92m. The underlying growth in the US was probably under 10 per cent however.

The real problem for the market was the paucity of numbers. A group as diversified and as changing as Hanson needs divisional breakdowns if the analysts are going to stand a chance. Hanson is not about to give them anything but the blandest detail. Of course the group then attracts the comment that all the growth comes from acquisitions rather than the underlying business. If so, Hanson is not alone. What would BTR have loked like in 1985 without Dunlop?

But perhaps the market is too hung up on the lack of numbers. The important point is that the impact of SCM and Imperial (though none of the *tobacco group's profits* were included in this week's numbers) could produce eps growth of almost 30 per cent in the next couple of years. That fact alone suggests the shares are worth holding.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986 High	1986 Low	
F.T. Ord. Index	1,336.9	+15.7	1,425.9	1,094.3	Hopes of early cut in base rates
AE	177	+27	187	139	Revived bid speculation
APV	670	+83	675	245	Increased offer from Siebe
Atkins Bros.	190	+30	190	135	Annual results due on Tuesday
Banro Inds.	210	+37	215	108	Investment recommendation
Bootham Eng.	625	+220	650	260	Agreed bid from Dowding & Mills
Century Oils	127	+22	130	83	Sharply higher profits and div.
Dee Corp	230	−25	295	225	Controversy over Fine Fare deal
Henderson Administration	£17¾	+£2	£18½	980	Bumper results and scrip issue
Hunterprint	250	+42	250	187	Pleasing interim results
IBL	72	−40	165	68	Heavy French losses
Longton Indl.	218	+25	230	135	Bid from Thomson T-Line
NSS Newsagents	210xd	+41½	214	112	Agreed bid from Gallaher
Petranol	55	+15	110	40	Revived bid hopes
Reed Intl.	985	+156	987	653	Good results and share sub-division
STC	150	+14	168	98	Revived takeover speculation
Samuel Props.	261	+17	270	153	Agreed offer from Clayform
Smith (David S.)	247	*+44	250	140	St. Regis acquisition
TI	526	−26	584	353	Evered stake sale speculation

* Rise since dealings resumed.

Missing out on the hits

THIS week's flotation of Accord, the designer of trendy greetings cards, brings the tally of USM new issues to 24 this year. Of these, 20—Accord included—have been placings: only Wickes, Antler, Monotype and Mrs Fields have come through offers for sale.

Like other companies with an easily understandable product and a high street profile, Accord promises to stimulate a lively demand for its shares from small investors. And like other popular placings which have gone before, its flotation promises to leave many of them empty-handed.

The difficulty of taking part in new issues such as this has been a bugbear for small investors since the USM's creation. If there is less of an outcry now than there was in the market's early days, it is partly because demand has settled back as the initial euphoria has worn off: but it is probably just as much because people have grown tired of complaining.

Companies can come to the market through a placing if the amount of money to be raised is £3m or less. The vast majority of USM debutants fall into this category because they are small to begin with and tend to float off only small proportions of their equity. Of the 457 USM companies floated to date, only 47 have come to the market through offers for sale.

Placings are the preferred method of entry because they are quicker, simpler and, above all, cheaper. While it is sometimes argued that an offer brings a company a good deal more publicity than a placing, it is not necessarily favourable publicity and the process is *always more* expensive. Why pay £600,000 and risk a bad press when you can get your company away uncontroversially for a quarter that sum?

The other main reason for coming to the market through a placing is that, by putting the shares into firm hands, this method removes the element of uncertainty involved in an offer for sale.

The Stock Exchange, concerned that the public should have access to new issues, *insists that a quarter of the* shares being placed must be made available to the jobbers, who in turn are required to pass on at least 90 per cent of these shares to stockbrokers who want them.

In theory, then, small investors who want shares in a USM placing should be able to telephone their broker and ask him to pick up a tranche on their behalf. In practice, they are unlikely to receive any.

USM

UNLISTED SECURITIES MARKET

What happens is that if an issue is at all popular, up to 200 firms of stockbrokers will be applying for shares on their clients' behalf. All put their names down on the jobbers' lists and the jobbers, rather than trying to find some equitable means of distributing the shares among them, simply give the same number of shares to each.

If a company comes to the market at the maximum size permitted for a placing, shares worth £750,000 (25 per cent of £3m) will be made available to the market, of which the jobbers are entitled to retain 10 per cent. In a popular issue, the remaining £675,000 worth of shares will have to be divided between 200 firms, giving them shares worth £3,375 each.

This is bad enough for even the smallest firm but a big one with, say, 100 clients asking for the shares will be able to offer them only £33.75 worth each. Rather than insult them with such a derisory stake, a broker will divide the shares between a small number of its most favoured clients and give the rest of them nothing.

Under the Stock Exchange's proposals on flotations and pre-emptions, the situation for small investors is about to worsen rather than improve.

First, the Stock Exchange says the £3m placing limit is out of date and should be raised to £25m so that companies will not be deterred from seeking entry to the market by high flotation costs. This will virtually eliminate the USM offer for sale.

Second, the market's right to a 25 per cent tranche of placings seems likely to be abolished in favour of a vague requirement that the capital must be well spread in public hands. The Stock Exchange's view on this is that the present arrangements serve more to frustrate would-be shareholders than delight successful ones.

Both these arguments have force, but at the same time the Stock Exchange's proposals seem ill-calculated to encourage wider share ownership. It will not be surprising to see consumer resistance to USM stocks *building up if small investors* find themselves increasingly obliged to pay a hefty premium in the after-market for their chosen stocks, while the institutions take the rich pickings at the placing price.

Richard Tomkins

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Aitken Hume	171	165	158	78.43	Tranwood
APV	693	670	350	219.11	Siebe
Assoc Heat Srvcs	490*§	475	440	39.30	Cie Generale de Chauffe
Benford Concrete	79¼†§	80	83	17.63	BM Group
Berisfords	127†§	110	112	6.96	Allied Textile
Bevan (D.F.)	46	48	38††	3.61	Wheway
Biddle Hldgs	160*	175	165	6.40	Kone (UK)
Bootham Eng	672	625	420	6.99	Dowding & Mills
Brickhouse Ddley	139§	130	112	21.61	Glynwed Intl
British Vending†	123§	120	67	13.17	GKN
Brown (John)	30	29	23	78.05	Trafalgar House
Burnett & Hallam	20	19	22	7.74	Anglo Utd Dev
City & Forgn Inv	126	128	115	5.04	Harvard Secs
Coin Inds	120	116	95	13.80	Burgess Products
Ctry Gentlemens	£14½	£22	775	10.43	Bestwood
Ctry Gentlemens	£13½	£22	775	8.95	Fredericks Place
Don Bros Bulst	175	170	130††	11.44	Shell Transport
Duport	134½	133	125	73.06	Williams Hldgs
First Security	150*	160	140	18.00	Brit Car Auction
Gable House	222½	215	203	17.22	Ladbroke
Hampton Areas	130*	152	128	35.46	Metals Explo
Hoggett Bowers	127½	124	108††	16.33	Blue Arrow
Land Investors	76*	75	73	74.05	BCPH
Lngtn Indl Hldgs	235	218	210	14.19	Thomson T-Line
Marshalls Unvrsl	73†	74	82††	14.65	British Syphon
McKechnie Bros	238½	260	222	143.38	Evered
Moss (Robert)†	139†	138	97	26.86	Bunzl
NSS Newsagents	210*	210	182	67.4	Gallaher
Park Place	335*	333	308	44.96	Wolters Smsn Grp
Pegler-Hattersley	672§	630	473	205.37	Tomkins (F.H.)
Pritchard Servs	132	128	85	152.54	Hawley Group
Raybeck	47½*	46	44	17.43	Legibus 687
RFD Group	195†§	206	206	26.38	Scapa Group
RFD Group	205†	206	120	27.94	Wardle Storeys
Roberts Adlard††	250†	240	230	12.48	Bowater
Rotaflex	288	378	210	31.86	Emess Lighting
Samuel (H.) Ord	330§ §§	335	325	22.61	Ratners
Samuel (H.) 'A'	137†§	135	135	112.61	Ratners
Samuel Props	270§§	261	253††	90.12	Clayform Props
SGB Group†	364§ §§	358	324	155.66	Mowlem (J.)
Stndrd Chartered	750‡§	810	373	1,167bn	Lloyds Bank
Stndrd Fireworks	150‡§	153	155	8.46	Scott Heritbl Tst
Stock Conversion	720†	710	705	397.61	P & O
Wedgwood	310½	340	343	140.84	London Intl Grp
Whitworth's Food	49	43	63††	5.33	Booker McConnell
Woolworth Hldgs	684	840	633	1,525bn	Dixons Group
Yarrow	341§§	315	630	33.64	CAP Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ‖ Unconditional. ** Based on June 6 1986. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended. ‖ Swedish kronor. a Cash offer; alternative paper offer made. b Cnv. Prf. alternative.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Airflow Stream	Feb	967	(624)	6.0	(4.1)	1.5	(1.0)
Brown, N. Inv	Mar	6,109	(4,670)	28.9	(20.6)	11.25	(9.0)
Buckleys Brew	Mar	1,040	(935)	5.0	(4.2)	3.0	(2.7)
Bulmer & Lumb	Apr	914	(1,700)	8.8	(13.2)	5.0	(5.0)
Burroughs, J.	Feb	8,870	(8,330)	35.6	(31.7)	12.0	(10.5)
Century Oils	Mar	5,140	(1,200)	15.9	(4.1)	5.0	(3.5)
Chamberlin & Hill	Mar	531	(562)	9.0	(9.5)	3.5	(3.5)
Chapman Ind	Mar	687	(1,020)	10.9	(21.0)	8.4	(8.4)
Common Bros	Dec	630L	(17,920)L	—	(—)	—	(—)
Cook, William	Mar	1,200	(459)	13.8	(6.9)	4.5	(2.75)
De la Rue	Mar	49,360	(46,430)	84.4	(78.9)	33.0	(30.0)
Hanover Inv	Feb	987	(624)	12.7	(9.0)	3.5	(2.0)
Headlam Sims	Jan	10	(109)L	—	(—)	0.5	(0.5)
Henderson Admn	Mar	17,170	(12,490)	99.3	(63.0)	25.0	(16.0)
Hill Samuel	Mar	40,700	(31,900)	44.2	(37.5)	13.2	(11.6)
Holden Hydro	Mar	522	(304)	15.9	(4.1)	3.25	(3.25)
Hugin Group	Dec	2,760	(2,900)	—	(—)	—	(—)
Hunting Group	Dec	5,070	(3,820)	13.2	(1.7)	6.0	(6.0)
IBL	Dec	6,000	(7,500)	7.5	(9.5)	1.2	(—)
Intervision Vid	Nov	574L	(3,000)L	—	(—)	—	(—)
JS Pathology	Mar	2,110	(1,360)	10.5	(8.6)	1.33	(—)
LCP	Mar	9,110	(7,490)	6.8	(5.9)	4.5	(4.2)
Leigh Interests	Mar	1,820	(1,133)	—	(—)	3.75	(3.0)
Norcros	Mar	45,100	(34,320)	21.4	(20.1)	9.3	(8.6)
Plysu	Mar	4,570	(3,878)	11.9	(9.8)	2.7	(2.17)
Powell Duff	Mar	22,140	(20,622)	30.3	(24.5)	15.2	(14.0)
Prestaprint	Mar	827	(597)	7.7	(5.6)	2.5	(—)
Reed Intnl	Mar	137,400	(107,344)	79.5	(53.6)	22.5	(18.5)
Rolfe & Nolan	Feb	51	(360)	1.6	(9.9)	2.0	(4.0)
Sheraton Secs	Mar	2,320	(1,340)	3.7	(1.9)	0.75	(0.5)
Sims Cat Bnt	Mar	586	(354)	8.4	(7.5)	4.0	(—)
Sketchley	Feb	11,610	(10,030)	32.2	(26.7)	17.5	(15.5)
Star Offshore	Mar	698	(1,380)L	—	(—)	1.0	(1.0)
Sterling Pub	Mar	939	(501)	(4.5)	(2.7)	2.0	(—)
Storehouse	Mar	118,070	(—)	21.6	(—)	6.0	(—)
Sturge Hldgs	Mar	2,310	(1,920)	5.1	(4.0)	3.0	(2.0)
TV-am	Jan	4,830	(2,090)L	6.4	(—)	—	(—)
Wiltshire Sys	Dec	52	(88)L	0.2	(—)	—	(—)

(Figures in parentheses are for the corresponding period)
* Dividends are shown net pence per share except where otherwise indicated.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Appletree	Mar	416	(390)	—	(—)
Body Shop	Mar	2,080	(981)	1.2	(0.6)
Dobson Park	Mar	6,230	(5,680)	1.9	(1.9)
Hanson Trust	Mar	157,600	(106,100)	1.4	(1.1)
Heavitree	Apr	392	(284)	2.0	(1.65)
Hunterprint	Mar	1,690	(1,220)	2.0	(1.5)
John Firth Brn	Mar	1,800	(1,406)	—	(—)
McCorquodale	Mar	5,770	(5,030)	2.75	(2.5)
Mcleod Russel	Mar	6,340	(9,610)	3.3	(3.0)
Nolton	Jan	537	(1)	0.35	(0.75)
Polly Peck	Feb	31,160	(29,160)	1.5	(1.5)
Reliant Motor	Mar	195L	(398)L	—	(—)
Richards	Mar	393	(92)	0.6	(0.5)
Valin Pollen	Mar	873	(500)	0.5	(0.33)
Whitworths Fds	Mar	596L	(231)	—	(—)
WSL Hldgs	Feb	183	(—)	—	(—)

(Figures in parentheses are for the corresponding period)
* Dividends are shown net pence per share except where otherwise indicated.

RIGHTS ISSUES

Celltech—A one for 10 rights issue to raise £6m.

Leigh Interests—£5.9m rights issue on basis of two conv pref shares for every five ord shares at par.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Accord Publications—USM placing of 1m shares at 125p.

Brixton Estates—Placing of mort deb at £94.203 to raise £30m.

Dee Corp—Placing 147.5m shares at 237p.

Densitron—Placing 5m shares at 58p.

Guthrie Corp—Offer for sale of 30m shares at 150p.

Beecham's earnings slip back

BEECHAM'S shares have bounded up recently on bid hopes. The group's final figures, expected on Thursday, should show pre-tax profits of around £300m, down from last year's £307m (although the 1985 figures will be restated as £300m owing to a change in accounting policy).

Earnings per share should also also be slightly down on last year's 23p but the dividend might be marginally up to 11.5p for the full year, from 11.3p last year.

The pharmaceuticals division should report fairly flat profits, with the consumer products division showing a slight increase. Both should announce increased sales abroad (notably the clavulanate Augmentin) but a currency loss of around £15m will have wiped out any improvement.

The profit figures have long been expected to be unexciting and more attention will probably be paid to the restructuring plan announced on the same day. The company has for some time been seen as too sprawling, and analysts are hoping that the new management will have a coherent and convincing plan for the group's development.

Beecham is expected to declare that it intends to sell off further parts of its consumer division, particularly in the *areas of cosmetics, home im*provements and drinks, in order to concentrate on the pharmaceuticals business.

After a disastrous first half, in which pre-tax profits fell by 25 per cent, **PILKINGTON BROTHERS** staged something of a recovery in the latter part of the year. Nonetheless, analysts anticipated a fall in profits to around £100m to be announced in the preliminary results on Wednesday.

In the UK, Pilkington's performance was buoyed by a modest increase in glass prices in the second half and by the improvement in trading conditions for fibre glass after the closure of the Cape plant. The redundancy programme will have cost the company £20m in the full year, however.

Overseas, the problems posed by intensely competitive markets have been made worse by adverse exchange rate fluctuations. Pilkington lost £10m from the weakness of its key currencies—the US dollar, South African rand and Australian dollar—in the first half and currencies offered little relief *in the second half.*

Results due next week

Pilkington is still in the throes of restructuring at Libbey Owens Ford, which will, as a result, make little impact on these results.

METAL BOX lapped up healthy growth in the mid-1980s but faltered last year *when it ran into lacklustre trad*ing conditions in almost every area of activity. The City expects a fall in pre-tax profits to £63m, from £68m last year, when preliminary results are unveiled on Tuesday.

An uninspiring performance from the UK divisions is to be expected, given the extent of over-capacity in the European packaging market and the competitive pressure on margins. Still, Metal Box should soon see some benefits from its continuing rationalisation programme and the investment in the carton factory at Speke.

The performance of the US *divisions was more disappoint*ing. Before the interim stage, Metal Box's shares rose on the expectation of profits growth from the new US acquisitions. Security printing fared well, but cosmetic packaging and cans suffered from intensely competitive markets and the disruption created by management restructuring.

Given that Europe now contributes a relatively small proportion of profits, Metal Box's currency translation gains there *will have been offset* by losses from its staple foreign currency, the US dollar.

Results due on Tuesday for the components and computer systems distributor, **ELECTROCOMPONENTS**, are likely to show pre-tax profits of around £33.5m, at the lower end of the range of analysts' forecasts. That still means profits growth of 13 per cent and a more marked growth in earnings per share, thanks to a reduced tax charge.

The company traditionally accompanies its results with a cautious statement on future growth, but the market will be *waiting* on the group's indication of sales growth at RS Components, which dominates the group. Margins should have improved at RS this year and it is likely to contribute around 90 per cent of this year's profits.

However, the sales growth of RS's competitors has been slowing and a bullish forecast for RS sales is needed to boost long-term expectations of the group's growth.

The *new* US acquisitions, S & S Electronics and Lowell Systems, will not yet have made a significant contribution to profits, and the Retron Group's sales have been restricted by difficult conditions in the West German components market.

WESTLAND steps back into the limelight on Tuesday with the announcement of its half-year results. The City knows as little about the likely shape of the figures as it does about the identity of the mystery shareholders.

The benefits of lower financing costs from the restructuring will not come through until the second half and there is little sign yet from any knock-on business from Sikorsky. But the 21 Westland 30 helicopters ordered by India and orders from the German Navy augur well for the future.

Any sort of profit would be welcome news: last year's pre-tax loss was £95.3m, including an exceptional provision of £106.6m. The share price stands at 73p, a long way below the prices paid by the rival *consortia only a few months ago.*

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Alpine Soft Drinks	Thursday	0.6	1.2	0.6
Ambor Industrial Holdings	Thursday	2.0	4.0	2.8
Atkins Brothers (Hosiery)	Tuesday	1.35	4.0	1.7
Beecham Group	Thursday	5.1	6.2	5.1
Thomas Borthwick and Sons	Wednesday	—	0.5	—
Bradford Property Trust	Tuesday	3.25	5.25	4.5
British Benzol	Monday	—	—	—
N. Brown Investments	Wednesday	3.0	8.0	3.75
Brownlee	Thursday	1.3	2.7	1.0
Caffyns	Thursday	2.2	2.3	2.2
Caledonia Investments	Thursday	1.7	2.3	2.0
DOT Group	Wednesday	—	—	—
Dominion International Group	Monday	—	—	—
Electrocomponents	Tuesday	2.143	4.0	2.571
Elliot B.	Tuesday	1.6	3.65	1.3
F & C Alliance Investment	Monday	0.55	1.15	0.58
James Finlay	Thursday	2.0	2.15	2.0
Gee-Rosen Organisation	Friday	—	—	—
Great Portland Estates	Tuesday	0.714	1.429	0.786
Metal Box	Tuesday	1.0	—	2.0
M & G Second Dual Trust	Tuesday	6.1	11.15	6.1
Millward Brown	Wednesday	4.9	4.76	5.8
New Throgmorton Trust (1983)	Tuesday	—	—	—
Osborne & Little	Tuesday	1.0	1.7	1.25
Pilkington Brothers	Monday	—	—	1.0
Property Holding and Investment Trust	Wednesday	5.0	7.5	5.0
Property & Reversionary Investments	Monday	0.69	1.61	1.02
PWS International	Monday	1.25	2.85	1.5
Raybeck	Monday	4.286	8.571	4.286
Rowlinson Securities	Wednesday	2.4	—	—
Sarasota Photographics	Wednesday	0.181	0.469	—
Sarasota Technology	Tuesday	0.75	1.25	0.76
600 Group	Wednesday	0.7	1.61	0.7
Sisters Food Products	Thursday	2.34	3.16	2.34
Somic	Thursday	0.1	1.9	—
Southwest Resources	Friday	—	—	—
Staveley Industries	Monday	—	—	—
Thermal Scientific	Thursday	4.5	11.0	5.5
Time Products	Thursday	1.0	2.0	1.5
Western Motor	Tuesday	0.25	1.25	0.5
Valor	Monday	—	—	—
	Wednesday	1.235	3.365	1.358
INTERIM DIVIDENDS				
Bradstock Group	Tuesday	—	3.75	—
Camford Engineering	Wednesday	—	1.75	—
J. A. Devenish	Tuesday	2.75	10.25	—
Durban Roodepoort Deep	Monday	—	—	—
East Rand Proprietary Mines	Monday	—	—	—
French Thomas	Thursday	1.15	1.725	—
Hardanger Properties	Tuesday	2.8	7.0	—
North British Steel Group	Thursday	—	—	—
Nottingham Brick	Tuesday	2.0	4.5	—
Raeburn Investment Trust	Wednesday	3.6	6.9	—
Scottish Road Services	Tuesday	—	—	—
Westland	Thursday	3.0	—	—
Williamson Tea Holdings	Wednesday	—	20.0	—

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	4.30	4.39	2.40	2.47	monthly	1	—	6-7
High interest cheque	7.38	7.46	5.73	4.17	quarterly	1	2,500 minimum	0
Three-month term	6.50	6.66	5.16	3.75	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	5.25	5.32	4.12	3.00	half yearly	1	1-250,000	0
High interest access	7.50	7.06	5.42	3.94	yearly	1	500 minimum	0
High interest access	7.25	7.25	5.62	4.08	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.81	4.23	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	10,000 minimum	0
90-day	7.75	7.90	6.12	4.45	half yearly	1	500 minimum	90
Premium	7.69	7.91	6.12	4.46	quarterly	1	10,000 minimum	0
NATIONAL SAVINGS								
Investment account	10.75	7.63	5.91	4.30	yearly	2	5-50,000	30
Income bonds	12.00	9.00	6.97	5.07	monthly	2	2,000-100,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.01	8.01	8.01	8.01	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.61	7.75	6.00	4.37	half yearly	1	2,500 minimum	0
Schroder Wagg	6.72	6.94	5.33	3.91	monthly	1	2,500 minimum	0
Provincial Trust	7.56	7.83	6.14	4.47	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	8.31	6.64	4.79	3.62	half yearly	4	—	0
10pc Treasury 1990	8.75	5.93	4.37	2.91	half yearly	4	—	0
10.25pc Exchequer 1995	9.22	6.27	4.79	3.39	half yearly	4	—	0
3pc Treasury 1987	8.12	5.32	4.73	4.27	half yearly	4	—	0
3pc Treasury 1989	6.96	5.14	4.84	4.17	half yearly	4	—	0
Index-linked 1990¶	7.87	6.90	6.99	6.29	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Public doubts on going private

Paris

LIFE on the Paris bourse traditionally has been carved up into epochs of gluttonous feast and near-ruinous famine. After the shock of a fortnight of selling that might undermine the new right-wing Government's economic recovery policies, French investors may be excused for thinking that one of the latter periods is about to start.

The Paris bourse romped ahead by more than 50 per cent in the first 4½ months of the year, following on from the spurt sparked off in March 1983 by the inauguration of the previous Socialist government's austerity programme.

The correction over the past fortnight, triggered off by a Black Monday of selling on May 26, has brought the bourse down by about 13 per cent—underlining that investors who bought a year ago are still registering a healthy profit of about 50 per cent on average.

Stockbrokers in Paris—as in London—are used to investors losing interest in the bourse in May, as the summer holiday period starts to loom.

Still looking on the brighter side, the technical correction from what was starting to look like a highly over-valued level of share prices might even be positive for some elements of government policy.

A number of commentators—and some would-be buyers such as Francis Bouygues, the entrepreneurial chairman of France's biggest building group, which bears his name—had been commenting that the Government's ambitious privatisation programme would be impossible to start unless share prices fell to more realistic levels.

All the same, the speed of the slide over the past fortnight has dashed the Government's hopes that the bourse would automatically give it an easy ride after the Right's narrow victory in the March 16 election.

Foreign investors led the previous three-year bull market. Now that institutions from abroad have started to turn away from the bourse in the past week, there are even suggestions that the fall in confidence could become self-sustaining.

Regardless of how serious the bout of stock exchange doldrums turns out to be, its roots lie in uncertainty over the French political and economic scene that are unlikely to be resolved for several months.

The March poll gave France, for the first time under the Fifth Republic, a president and Prime Minister of opposing political colours.

President Francois Mitterrand in the Elysee and Jacques Chirac in the Hotel Matignon, made efforts in the first couple of months of their "cohabitation" to indicate that, with sufficient flexibility on both sides, the new political configuration need not be unduly destabilising.

In the past fortnight, however, *a series of disagreements* between them on issues ranging from the Strategic Defence Initiative to replacing key civil servants and chairmen of nationalised enterprises, has underlined that cohabitation may be a difficult relationship after all.

The right-wing administration has also come under pressure from some of its own supporters who claim that economic liberalisation moves are not being enacted speedily enough.

This is in spite of Chirac's moves three *times* to bring down the parliamentary guillotine on discussions of bills in the National Assembly. The procedure is to be used a fourth time to push through controversial legislation lowering constraints on employers laying off staff.

Political uncertainty has been fed by the possibility that President Mitterrand might try to take advantage of the Right's less confident showing by calling a snap presidential election later this year. Additionally, investors have been unsettled by news of a much worse-than-expected trade deficit of *FFr 4.8bn in April, which itself* gave rise to gloomy comments from Edouard Balladur, the Finance Minister.

Against this unpropitious background, the Government has been taking measures that might seem to diminish the attraction of the bourse. A plan to revive the property sector—much needed to overcome a chronic shortage of rented accommodation in Paris — as well as the reimposition of anonymity in gold transactions *might both drive funds back* into traditional French investment havens.

The fresh rise in the dollar this week, which has hit expectations of a continuing fall in French interest rates, has led to a price slide on the newly started French financial futures market. It also contributed to the Treasury's decision on Tuesday to postpone a planned monthly bond offering.

Potentially the most serious factor overhanging the market remains the Government's privatisation programme. Some officials had been suggesting this could raise FFr 40bn a year over the next five years.

To prepare the way for denationalisation — and also to profit from heavy demand for paper which the wiser finance directors knew would not last—state-owned banks and industrial groups have during the past few months been issuing a veritable flood of non-voting shares (certificates d'investissement, or CIs).

Banque Nationale de Paris and Credit Lyonnais, the two biggest nationalised banks, in recent weeks have made easily the biggest ever French equity offerings, of FFr 5.3bn and FFr 4.3bn in CIs, while Saint Gobain this week launched its own FFr 2.4bn CI offering.

These issues have led to market indigestion. Subsequent marking-down of BNP CIs on the secondary market, after a heavily oversubscribed launch on the primary market, has also underlined the drawbacks resulting from the lack of a firm underwriting system for share *flotations.*

The "worst case" scenario now haunting the bourse would be that holders of CIs launched by other banks and companies in recent months would lose their belief that such issues offered a cheap way into denationalisation. If that happened, falls in prices of existing CI issues would not only lower considerably estimates of government revenues from share sales in the next few years—but could also strengthen doubts over the feasibility of the privatisation programme itself.

David Marsh

Demand for gold remains constant

Mining

WHO SAYS nobody wants gold these days? Why, the bullion *dealers and those who are interested* in the metal only from an investment point of view; the latter keep an eye to the prospects of making money from time to time when there is a rise in the gold price, although what they mostly achieve is protect the value of their paper *money when it is assailed by* inflation.

There is not a lot of inflation about in the West at the moment; and as gold does not pay for its keep in dividends, the investment money has gone elsewhere. So, in *Gold 1986*, the comprehensive annual review produced by Consolidated Gold Fields, author George Milling-Stanley does not expect much change in the price this year.

Still, plenty of people do want gold. There is a good demand for industrial uses and gold jewellery has not gone out of fashion. In fact, use of gold in jewellery rose last year to just on 900 tonnes — the highest since 1978 — out of a total supply of 1,288 tonnes.

Manufacture of gold jewellery in Japan last year jumped 20 per cent to a record, which might not have pleased the promoters of platinum items.

In all, total supply and demand for gold was nicely balanced in 1985 despite virtually no investment buying. Clearly, if the latter demand should return, the price of bullion will go up; but it is worth bearing in mind that buying for jewellery manufacture last year faded away when gold prices began to rise.

Gold is priced in US dollars and last year it averaged $317 per troy ounce, $43 lower than in the previous year. It is now around $341; and if it is not expected to rise in the near future, nobody is fearing a significant fall. So, it seems "likely to remain unexciting unless a resurgence of inflation stimulates renewed investor interest," says *Gold 1986*.

Well, an exciting market in any commodity might be all right for the speculators, but it can produce more grief than gain for the producers of the commodity. They prefer the "unexciting" situation where prices are high enough to give them a comfortable living, but not so high as to put off the customers. And that is the position in gold at the moment.

Ironically, the threat of economic sanctions on South Africa has raised the gold prices being received by the country's mines. The average *price in the March quarter fell* to R24,475 per kilogramme because the value of the country's rand recovered to the equivalent of 46 US cents.

Since then, the fear of sanctions and other worries has lowered the value of the rand to about 40 cents. This means *that while the US gold price* is little changed at around $341, its equivalent value in South African terms has risen to about R27,546.

Australian producers are also on the receiving end of higher gold prices as the domestic currency weakens. In addition, they have been cheered by talk that the much debated tax on gold mining might not happen.

New flotations of exploration hopefuls continue to flow in. The latest is *Croesus Mining*. It has a stake in a small gold venture which is expected to provide a cash flow in the near future, plus the usual array of gold prospects and a property that has shown some interesting assays of platinum group metals.

Unlike many of the Australian *mine-promoting fraternity*, Ron Manners, the chairman, is a mining man of long-standing who was actually born in Kalgoorlie. This week, he told me there could be a change coming on the Western Australian gold mining scene.

In recent years, much of the action has been on the part of *small companies scratching* around old mine workings and known prospects in the hope of small, but quick pay-back, near-surface gold deposits. The change, said Manners, could be heralded by the arrival on the scene of Perth entrepreneur Alan Bond.

Manners thinks it would be in the form of a series of consolidations of the small operations and various gold prospects. It is possible that the creation of such groupings would provide the financial muscle for deep drilling and eventual mine development of the so-far-undiscovered major gold ore bodies that may lie at depth. Take-over bids could thus be on the cards — but not, Manners added hastily, for Croesus.

Kenneth Marston

Insider scandal keeps spotlight

Wall Street

AFTER THE previous fortnight's 117-point rise in the Dow Jones Industrial average, share prices on Wall Street behave skittishly this week in the run-up to the 1900 hurdle. The volume of trading has slowed to a trickle and it is clear that some of the major players have other things on their minds, not least the expanding investigation into insider trading that must be giving some arbitrageurs sleepless nights.

On Thursday Dennis Levine, a 33-year-old investment banking whizkid, pleaded guilty to charges that he earned more than $12m from insider trading. He has promised to give most of the money back and, in return for a lenient sentence, has agreed to co-operate fully with the authorities in the biggest insider trading investigation in Wall Street's history. Who is next? Must be the question worrying many Wall Street professionals who have made their fortunes by investing in companies caught up in the two-year-old merger boom.

Information is what turns the wheels on Wall Street and most analysts expect the next stage in the investigation will concentrate on who supplied Levine with the information about impending corporate takeovers and who else might have benefited from the tips.

Against this background, US share prices have moved erratically this week. On Monday prices fell, recovered on Tuesday, slipped again on Wednesday, and by Thursday evening the Dow was back to within three points of last week's record high of 1882.35, with the broader-based market indices not far behind.

Shearson Lehman Brothers summed up the mood of many investors in its latest weekly newsletter when it said that predictions the Dow would be over 2,000 by year-end seem as likely as the chance of a 10 per cent *correction from current* levels. E. F. Hutton, by contrast, is a little more bearish and Thomas Stiles, chairman of its investment policy committee, says that a 10 per cent correction in stock prices "would not surprise us."

The recent run-up in US share prices has been accompanied by a weak bond market. Three-month US Treasury bill rates have risen by 40 basis points to 6¼ per cent over the past four weeks, and long term Government bonds are now yielding close to 8 per cent compared with close to 7 per cent in mid-April.

The most optimistic analysts argue that the strength of US equities in the face of a weak bond market shows that the two markets do not need to move in tandem. However, other analysts are less convinced that equities can maintain their gains in the absence of an improvement in corporate profits and in the light of the confusing signals coming out of the economy.

The 1.5 per cent rise in the US leading economic indicators in April — the best increase in 3½ years — had begun to fuel confidence that the economy was beginning to pick up steam. However, yesterday's US employment figures, which showed an unexpected 0.2 percentage point rise in the unemployment rate, has thrown into question the earlier optimistic comments about the pace of the economic recovery.

Paul Volcker, the chairman of the Federal Reserve, added to the nervousness in the financial markets this week by making some ominous noises about inflation at an international banking conference in Boston. His words added to the market's confusion about whether the Fed's next move will be to tighten or ease US monetary policy. The volatility in world oil prices and the dollar have also contributed to the uncertainties over the stock market's short term direction.

The recent sharp recovery in the value of the dollar on the world's foreign exchange markets—which had taken it from Y160 to Y175 in three weeks—came to an abrupt halt this week. By Thursday evening the dollar was back down to 168.60 and the central banks were said to be intervening to stem its slide.

Meanwhile, oil prices, which had touched $17.16 a barrel on May 19, have dropped back to a shade above $13 a barrel—their lowest level in six weeks—and oil traders have begun talking again of oil falling below $10 a barrel within the next few months.

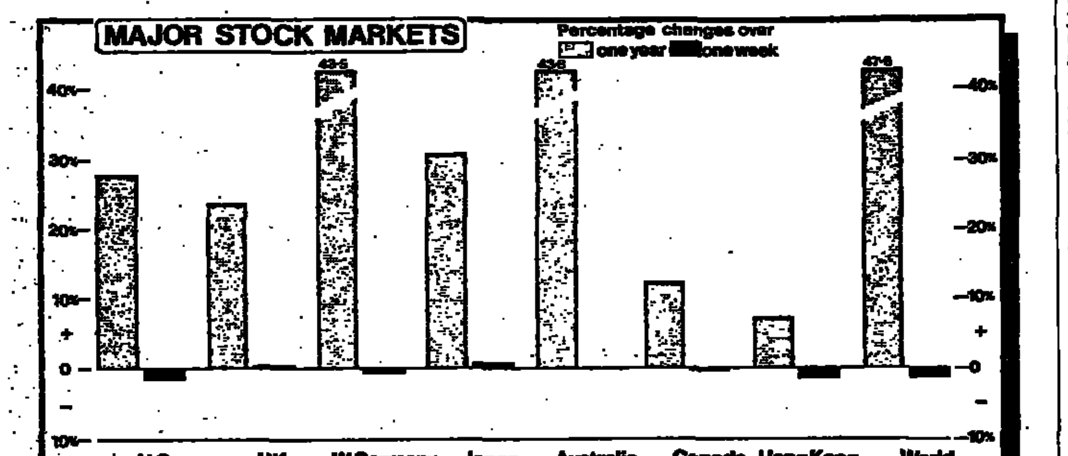
A weak dollar limits the scope for cutting US interest rates. On the other hand, lower oil prices will boost the economy. The final variable that needs to be fed into the stock market equation is the progress on the US tax reform bill.

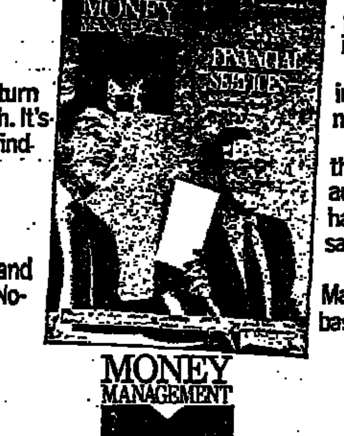
While there are plenty of winners and losers in the present package, on balance Wall Street likes what it has seen of the tax-overhaul plans, in particular the proposal to cut the top corporate tax rate from 46 per cent to 33 per cent.

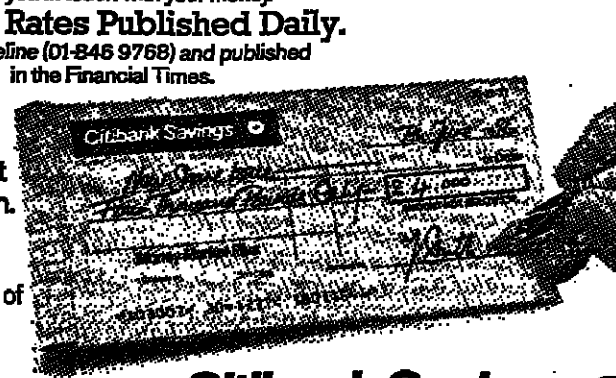
The general mood on Wall Street is that there is still room for higher share prices over the next six months but, given the 27 per cent rise in the Dow over the last six months and all the uncertainties, now is the time to play the market cautiously.

MONDAY	1861.95	−14.76
TUESDAY	1870.43	+ 8.48
WEDNESDAY	1863.29	− 7.14
THURSDAY	1879.44	+16.15

William Hall







In search of some nice earners

FOR THE past few weeks, people watching Thames Television have seen *Minder's* Arthur Daley exhorting them to buy shares—or "nice little earners"—when the London-based company floats on the stock market later this month.

Selling shares to the public is hardly a new phenomenon: the Government invested more than £14m in pushing the merits of British Telecom's flotation and the concept of individual share ownership.

The rationale behind marketing BT to the public was simple. On a practical level, with a market capitalisation of £4bn, it was thought to be too much for the institutions to swallow. On a political level, the flotation offered an opportunity to sell shares to a new generation of investors who (or so the Thatcherite thinking went) would pocket their dividends, gaze gratefully at the share price premium and vote Conservative for evermore.

The British Gas flotation in November will be the Government's next exercise in share marketing. A corporate advertising campaign has already begun; and although British Gas has yet to finalise its plans, it is thought the flotation will be accompanied by a series of ploys—shareholder information centres, presentations in gas showrooms and discounts on gas bills, modelled on the BT vouchers—to attract individual investors.

The motive for encouraging such investment is much the same as that for BT—the size of the issue. The amount to be raised from the flotation will depend on how much debt the Government levies on British Gas, but with a capitalisation of between £5bn and £8bn, it will be the biggest issue ever on the London market.

Thames's reasons for encouraging individual investment are, however, quite different. With a probable capitalisation of £100m, size will not be a problem. It is the politics of the television industry that are all-important.

When Thames first planned its flotation, the attitude of institutional investors towards the sector was far from favourable. Television is a complex industry—prey to legislative intervention, regulated strictly by the Independent Broadcasting Authority, highly unionised and depending heavily on advertising.

Alice Rawsthorn looks at the art of selling shares to the public

On top of this a climate of uncertainty has been created in the past year or so by the Peacock Committee's review of the future funding of the BBC, the Government's reform of the Exchequer Levy on *ITV* profits, and squabbles over the future of satellite broadcasting.

For Thames, these problems were made worse by a series of boardroom crises including the ill-fated attempt to acquire the soap opera, *Dallas*, from the BBC; the departure of the company's managing director as well as the directors of finance, programming and sales; and Carlton Communications' abortive takeover bid.

Now, though, the Peacock Committee has recommended that the BBC should not introduce advertising, so protecting ITV's monopoly; the levy review is completed; and the squabbles over satellite broadcasting have subsided. *Dallas* has been restored to the BBC and Thames's new management team has begun to polish the company's financial performance. Institutional attitudes towards the television sector have softened accordingly.

Thames no longer needs to attract individual investment to obviate the risk of disinterest from the institutions. However, a large shareholding among its viewers could safeguard the company's future by improving its chances of retaining the London television region when it comes up for renewal in 1989.

On this reasoning, the IBA, as "custodian" of viewers' interests, would be much less likely to whisk away the franchise if a large number of them had invested in the company.

Meanwhile, the Trustee Savings Bank is completing pl to revive its marketing ation campaign to encourag private shareholders to inv in its £1bn flotation, which been rescheduled tentativ for September or October.

The TSB spent almost £ to publicise its original flotati date last November. Then group of Scottish deposit scuppered the issue by mount ing a court case claiming th bank was owned by its accou holders and could not be float The matter will be decided the House of Lords in a hearin starting later this month.

However, the TSB received more than 500,0 enquiries from potential inv tors, about 260,000 of whom account-holders.

Whether British Gas, Thame or the TSB will be as success in selling their issues to ind vidual investors as BT remai to be seen. The BT flotatio attracted more than 2.4m sha holders, some of whom pocke their profits as soon as the sha price shot up. But others only held onto their shares have been tempted into buy more in other companies.

Mortgage choice widens

HOUSEBUYERS get a comparatively wide choice when it comes to insuring their property and paying off the mortgage. But until recently, when it came to the actual mortgage itself and its funding — the central part of the whole package — they had no choice at all. It was simply a variable interest mortgage where the rates could change at very short notice.

The advent of the banks *into the mortgage field* has resulted in much greater innovation. This week, Citibank Savings unveiled a new range of mortgage products under the collective title of the Executive Selection.

Housebuyers now have the choice of:

● The Belgravia Mortgage — the most sophisticated of the products, as its name would imply. It is a variable interest mortgage (present rate 10.75 per cent) and the term is selected by the borrower. During the first five years there is a guarantee that the rate will not rise above 11 per cent—known as the Cap. However, if interest rates fall there is a minimum level of 8.5 per cent, called the Collar.

In addition, there is a fee of one month's gross interest payable at outset which can be added to the mortgage and paid off over five years.

● The Knightsbridge Mortgage. Again, the term is selected by the borrower but for the first five years the interest is fixed at 10.25 per cent—the longest period to date for a fixed rate. Then the householder has the option of renewing his scheme or switching without penalty to any other mortgage scheme. Otherwise, early repayment will incur six months' interest in the first year or three months' interest thereafter.

● The Kensington Mortgage —a variable interest scheme with the rate set at 1.25 per cent over the three-month London Interbank Offered Rate (Libor). Under the comparatively novel concept, the rate paid by the borrower depends on the UK money market conditions rather than on the attitudes of the lender. This rating applies throughout the mortgage term.

The minimum loan under these plans is £50,000, subject to 75 per cent of valuation. Earnings multiples are three times main earner plus the secondary, or 2½ times combined earnings. Citibank's normal variable mortgage, with a £15,000 minimum, will continue to be on offer.

The Executive Selection schemes are initially being marketed through Citibank branches and two major independent brokers—John Charcol and Chase de Vere.

IN THE NEWS

TWO MORE building societies have launched accounts aimed at expatriate investors who do not pay tax in the UK. Bradford & Bingley's Overseas Resident Account pays interest of 10.03 per cent gross that can be remitted annually on December 31 or capitalised or used to provide monthly income.

The account can be opened for £1 and the maximum balance an investor can hold is £100,000. There are no restrictions on withdrawals; these will usually be by post office, either by cheque or to through the society's head office, either by cheque to a specified bank account, although non-residents visiting the UK can also make withdrawals at any of the society's branches.

The Peckham's Non-Resident Investment Account pays a higher interest of 10.70 per cent gross but requires a minimum opening balance of £500. Its maximum holding is also £100,000. Investors can have instant access to their funds provided they hold balances of £2,000 or more. Below that, withdrawals require three months' notice or are subject to three months' loss of interest.

●

MANY building societies are campaigning to boost endowment mortgage business (and thereby enhancing their commission income) by persuading borrowers to switch from the repayment to the endowment method. The main contract still offered by building societies is the low cost with profits endowment. A warning this week from Save and Prosper Group on these contracts is timely.

S and P points out th under a typical with prof low cost endowment the poli at maturity will only pay the mortgage providing bo reversionary and termin bonus rates are maintained the level assumed when th contract was written. With heavy reliance on termin bonuses in the maturi value, the borrower then h no choice but to wait un the end of the mortga period before paying off th mortgage.

S and P says that un linked mortgage repaym contracts, such as its Mo gage Plus, offer high guara tees in the minimum level cover and a steady build of funds which offer t flexibility for early repaym if fund performance exce the 8 per cent project growth. The underlying fu backing Mortgage Plus h achieved an annual grow rate of 14.07 per cent a ye since its launch 14 years ag On this return, a borrow with a 25-year policy woul be able to repay his mortga after 14 years.

●

TARGET LIFE is launching Residential Property Fun which will invest in vario categories of prime Centr London residential propert both freehold and leaseho which are not subject to Re Act restrictions. The fu will not be formally launche until October 1 but propertie worth £2m have already bee purchased and anyone inves ing before the launch date i being offered special bonus which will be added direct t their investments. These wi vary according to the amou and timing of the investmen For instance, someone inves ing £1,000 before July 31 wi get a 2 per cent bonus alloca tion to the fund but for some one investing £15,000 th bonus would be 4 per cent.

Minimum investment in th new bond is £1,000 with n upper limit. The initial charge will be 5 per cent plu an annual management charge of 1 per cent. Chestertons will be the estate agents ad vising the fund which will be independently valued by Chu tons.

Fixing an income

RECEIPT of a regular income paid on a specific date each month from your investments can be very useful if you have to make regular payments such as nursing home bills or school fees. But it is difficult to achieve however careful you plan your investment strategy. Dividends from stocks and shares, and payouts by unit trusts vary according to movements in the stockmarkets, while interest rates also fluctuate.

Hargreaves Lansdown, Bristol-based investment advisers, have come up with a plan known as the discretionary income portfolio, which will provide a specified amount on a particular date of the investor's choice. The concept is quite simple. A proportion (say 10 per cent) of an investment is put into a high interest bank account and provision is made to pay a fixed income by regular standing order.

The remainder of the investment is put into a portfolio of unit trusts that generate the money needed to provide sufficient funds for the bank to make the standing order payments. How the money is invested i the unit trusts depends on th investor's needs and tax posi tion, but if the income require is excessive when compare with total investment the capita element of the unit trust ma have to be eroded to ensure th regular standing order pay ments are made.

Stephen Lansdown claim that the scheme offers con siderable flexibility if th amount of income required i not excessive. You can take the gains on your unit trus investments at the best time using your annual capital gains tax exemption if necessary, and going for capital growth when required. It is something like a single premium investment bond, but without the tax dis advantages. There is no man agement charge during the first 12 months, since Hargreaves Lansdown benefit from the commissions they receive from the unit trust companies. There after an annual fee of 0.5 per cent of the value of the port folio becomes payable.

John Edwards

هكذا في الأصل

Life companies react to Aids fears

Eric Short on questions to individuals potentially at risk

"Have you received medical advice, treatment or a blood test in connection with Aids or an Aids-related condition? If so, give details."

FROM the beginning of next month, anyone wanting to take out life asurance contracts might have to answer this additional question about their medical history.

The question is the response of life companies operating in the UK to the medical problem of the 1980s—the Acquired Immune Deficiency Syndrome, to give Aids its full title.

Not surprisingly, this proposed move by the life companies has aroused considerable opposition from the Campaign for Homosexual Equality (CHE) and the Terrence Higgins Trust —the health education support service named after the first UK person to die of Aids.

Aids first came into medical prominence in the US in 1981. But it has spread alarmingly rapidly in North America. Its impact appears to have been far less severe in the UK, despite publicity about the disease. Figures given in a recent bulletin on the subject by Mercantile and General Reinsurance, says that the total number of new Aids cases from the *first official notification* up to the end of March 1986 was 328, of whom 167 died.

This statistic implies that the impact of Aids on the population is still small, and secondly when it does strike, it is likely to be fatal.

Given its size, the UK life assurance industry should be able to take this number of deaths in its stride. So why has it reacted so soon?

The answer lies across the Atlantic in the experience of US life companies which have been hit hard by death claims from Aids. Mercantile and General points out that the amounts being paid out on death claims from Aids are several times the average claim payment.

The inference is that individuals likely to be subject to Aids risks have been rushing to insure their lives for very high sums. The action being taken by life companies in the UK is primarily to prevent a repeat of this happening here by identifying applicants subject to risks of Aids.

But here lies the problem. The main — but not the only — groups at risk are male homosexuals, haemophiliacs and intravenous drug users. The easiest method of identifying such groups would be to ask applicants questions on their life styles. But this is impractical for two reasons — the embarrassment of the intermediary asking the questions, and the near certainty that the answers will be incorrect or evasive.

Most proposal forms for a life contract are still filled in by the salesman asking questions of the applicant who then signs the proposal. The awkwardness of asking intimate personal questions in such an interview is self-evident—as is the chance of getting wrong answers. (It is still not unknown for applicants to give their age incorrectly.)

So life companies have to adopt other means of identifying the Aids risk groups. The proposed question is direct enough. But will it identify those at risk without including people not at risk. CHE and the Terrence Higgins Trust both claim that it will not.

The culprit for Aids is the virus HTLV-III and this is detected by blood tests. CHE and the trust both claim that these tests are far from infallible. For example, Mr Martin Weaver, the trust's press officer, has to undergo regular blood tests because of his research work. To date he has had the following sequence of results: negative, positive, positive, negative and negative.

The Department of Health and Social Security admits that the tests can show a false positive. (False negatives are extremely rare.) There are five different tests for HTLV-III and if one test shows positive then another test is made automatically.

In general, life companies would not reject a proposal simply because of an unfavourable answer on a proposal form. They would seek further details and, even if this showed that the proposer was at risk from Aids, they would not reject the application without the evidence of at least a further blood test — at the life company's expense — and most likely a medical examination.

In the case of Aids, the advantage of a medical examination is that the doctor can be primed to ask questions on the applicant's personal habits and he will usually get truthful answers.

The recommendations by Mercantile and General on such risk classes are:

- Applicants diagnosed as having Aids or Aids-related conditions should be declined. (It may appear surprising that anyone with Aids should apply for life assurance. But it is not unknown for people with terminal cancer to apply for life cover.)
- HTLV-III antibody test positive, otherwise symptomless — postpone five years. (This is effectively the same as being declined, in that the applicant life cover.)
- CHE is advising people not to answer the question. However, the life companies will not proceed unless the proposal form is completed fully.

Incorrect answers could also result in a subsequent death *claim being repudiated* by the life company and it is highly likely that the Insurance Ombudsman would uphold the action of the company.

CHE is on firmer ground when it says that the question could result in applicants not going for blood tests when they should . CHE would be well advised to contact the ABI to discuss how the problems should be dealt with. It needs to be emphasised that life companies in general are not seeking to discriminate against male homosexuals but are simply endeavouring to identify possible Aids victims.

Nevertheless, some life companies have over-reacted. One response has been to send single men over a certain age applying for life assurance for an automatic blood test. Another approach is to order medical examinations when two men living at the same address apply for life contracts, usually in connection with an endowment mortgage.

Other life companies adopt a different approach and intend to phrase the question much more delicately. Indeed, at least one major life company is not yet ready to introduce the question, *though whether it can* avoid doing so when most other companies are making the change is debatable. Intermediaries quickly find out which life companies are "soft" in their underwriting.

Aids has returned life underwriters to the fore, after *decades when*, with improving medical conditions, their role has declined. The speed of the onset of Aids has apparently left them floundering slightly and they have taken drastic action to avoid any possibility of a spate of Aids-linked claims until a clearer picture of the disease is available.

But a more open discussion by the life companies of Aids-related problems and their implications for life assurance might have been more reassuring than the recent display of secretiveness.

One man's success stories

Investors' Tale

Kevin Goldstein-Jackson reports on the profits that his 'never be too greedy' policy have brought him

IN 1981 I bought shares in NMC cause the share price was low and the assets good — mainly listed investments plus a fibre board container manufacturer. As the company had a low capitalisation, it seemed a good prospect for a take-over bid.

Nothing much happened to the share price, but the following year I acquired more NMC shares at 12½p each as the dividend yield of over 9 per cent was reasonable. Again, nothing much happened to the share price, but I retained the shares as I still felt sure someone would make use of NMC as a "shell" and inject new assets into it.

This proved correct when Norman Gordon plus Charles and Maurice Saatchi acquired 50.1 per cent of the company earlier this year and the shares reached a high of 128p. Quite a reasonable appreciation on my original purchase prices of 16p and 12½p. NMC also issued warrants on the basis of one warrant for every 7.5 existing shares, which gave the right to subscribe for new shares in the company at 16p per share between 1991 and 1996. In May I sold two-thirds of my NMC shareholdings for 88p per share and retained the remaining shares and all the warrants.

This is just one of quite a number of share successes I have had over the years which have far outweighed the disasters and non-movers.

The shares I tend to buy have comparatively low p/e ratios compared with others in the same or similar sectors, have undervalued assets or are in some way "special situations" which make them vulnerable to a take-over bid. Alternatively the shares have a high yield and good prospects of longer-term appreciation.

In September 1984 I bought shares in Vectis Stone for 35p per share. Vectis Stone had interests in gravel extraction, pre-cast concrete products, civil engineering and oil distribution. It owned an hotel on the Isle of Wight and also manufactured toiletries and holdalls. The profit record had been respectable, but the company had a low capitalisation, the main shareholders were getting on in years, and it seemed to me that the company was ripe for a takeover or could be broken up. In July 1985 Bardon Hill Group made a recommended take-over bid for Vectis Stone. I accepted the offer of 60p per share having earlier that same month sold half my shareholding in the market for 61p.

In September 1984 I bought shares in British Vending—another company with a low capitalisation, reasonable profits and assets. I paid 35p per share. I felt that British Vending would either be taken over by Nestlés (which already owned 29.9 per cent of the company) or that Nestlés would sell-on its stake to another company. This proved correct. GKN made a takeover bid in April this year and I accepted the cash offer for my shares of 113p per share.

In October 1985 I bought shares in Fobel at 32½p. This company had anticipated losses and had disposed of two of its UK subsidiaries. But it still retained an electronics manufacturing company in Hong Kong and a profitable associate company in Canada making doors. I believed that Fobel would either continue to turn itself around or would be taken over. When, in April this year, the shares reached 60½p I sold half my shareholding. The shares are now 52p.

One of my own rules for share deals is "never be too greedy" and when a share has *risen quite steeply I always* consider selling at least some of my shareholding and assessing the share's prospects for further progress.

For example, my wife bought shares in Vickers in June 1985 for 287p each. I considered Vickers' shares would rise as profits increased and as anticipation grew over its claim for compensation in the European Court over certain of its nationalised assets. This proved to be the case and when the shares reached 483p in April this year my wife sold a significant part of her shareholding. The shares are now 450p.

In April 1985 my wife bought shares in Thorn-EMI for 385p each. This was because I believed the management would either be "shaken up" or it would be taken over by a company better able to make use of Thorn-EMI's wide range of assets. In April this year my wife sold her entire shareholding at 503 per share as I felt the company was engaging in a sale of its own assets and the chances of a predator diminished further each time it sold another asset. Thorn-EMI is now 457p.

My wife also more than doubled her money on her investment in Debenhams shares. She purchased them in April last year for 223p each and soon after accepted the Burton take-over bid and then sold some of her new Burton shareholding.

These are just some of my recent successes — and most of them have required a regular scanning of all the share prices in the Financial Times and quite a bit of research. But, so far, it seems to have paid off although, no doubt, many *others have done far better* than me.

Debt rethink

THE SHARP increase in the level of consumer debt and the misery caused for those involved has prompted the launch this week of two separate approaches to the problem. The National Association of Citizens Advice Bureaux has called on financial institutions to co-fund CAB money advice centres. Simultaneously CCN, the largest of the two credit reference agencies operating in the UK, has published a corde of conduct for users of its Credit Account Information Sharing Scheme (CAIS) with the aim of both reassuring consumers that such a credit registry serves their best interests and to encourage more extenders of credit to participate.

More and more people are going to Citizens Advice Bureaux with personal debts involving thousands of pounds to banks, building societies, finance houses and credit card companies as well as outstanding payments to fuel boards and local authority departments.

CAB now handle some half a million debt enquiries a year totalling over £500m and the figure is increasing. People see them as one of the very few places they can go to for independent debt counselling.

But now stretched to their limit the CAB want funds from the credit granting institutions to finance specialist money advisers, money advice support units and special training for CAB's 14,000 volunteers. This, they argue, would be to the advantage of both the debtors and creditors. A report prepared by a working party made up of CAB representatives and members of various financial institutions also urges closer co-operation between CAB and creditors. It would allow the bureaux to help the debtor negotiate manageable repayment while creditors would benefit from debts being repaid in regular instalments.

Operating on a reciprocal basis, participants in a credit register send information regularly, usually monthly, on all their credit customers which is pooled in a central data base. In return they then search the file for information on the credit history and credit commitments of those who have applied to them for credit. In contrast to the US where credit registers are widely used there is little exchange of information between lending agencies in this country. Although they are being used increasingly by finance houses and retailers the two major suppliers of consumer credit — the banks and building societies — do not yet participate, mainly due to concern over customer confidentiality.

But the boom in consumer credit combined with the rise in personal debt is now forcing banks to think again and they are known to be seriously considering participating.

So while many of us may resent such a monitoring scheme, with all its "big brother is watching you" connotations, the signs are that we are going to have to live with it if we want to keep on availing ourselves of all the easy credit which we are now being offered wherever we turn.

CCN has published the code to explain in plain English how the CAIS scheme works, why it was established, the security precautions taken to protect information and the legal framework in which the scheme operates.

A copy of the CAIS code is available free from CCN Systems, Abbey House, Abbeyfield Road, Lenton, Nottingham, NG7 2SZ.

Margaret Hughes

Brokers move into the house

As banks and insurance companies develop their own estate agency business, Eric Short reports the quiet Bang on British high streets.

MUCH IS being written about the revolutionary changes taking place in the City of London. But a quieter, yet just as important, revolution is taking place in the high streets of many provincial towns, particularly in the south of England. The major financial institutions—banks and insurance companies—are moving into the estate agency business.

The table shows that the top agency chains are now owned by institutions. So far, discussion on these changes in ownership has centred on estate agents as potential profit centres for the institutions. Little has been said about what it all means for the housebuyer.

First, there is the provision of mortgages. All five of the new institutional owners stress their estate agents will continue to use all available sources of finance to find the best mortgage for each client. Black Horse Agencies includes its parent, Lloyds Bank, as one of its mortgage suppliers, but uses other sources including building societies. Prudential Property Services goes as far as to exclude the Prudential Home Loan Scheme from its mortgage sources (this scheme being for the Pru's agency force).

At present, there is a mortgage glut. But if there is a return to a famine—which no one envisages then having an institutional "parent" could help to ease the situation.

Next comes the provision of insurance and life assurance in connection with house-buying.

Bairstow Eves/Mann and Company and Black Horse Agencies both have their own financial services operations. These provide an independent broking advice service using the whole insurance market to get the best contracts for clients. The method recommended to repay a mortgage is the one that is best for the buyer.

When the investor protection proposals become law, the financial service operation of Black Horse Agencies plans to seek authorisation as an independent adviser, quite separate from Lloyds Bank.

With the insurance companies, it is a different proposition. Anyone using Prudential Property Services and seeking insurance will be sold Prudential contracts—and Pru's low cost endowment is not among the best performing policies.

A similar position applies with General Accident's estate agency offices, which will only sell GA products. But the situation with Fox and Sons is slightly different. The insurance advice will be selected from several sources but among the contracts recommended will be that of its leading shareholder, Royal Life.

Under the financial services proposals, Pru and GA will be company representatives and have to make this clear to housebuyers. The situation with Fox and Sons is unclear, but presumably the Royal Life's shareholding will have to be disclosed.

The institutions claim they are improving staff expertise in estate agency offices. They admit to having been surprised initially at the variation in knowledge they found among agency front office staff, both in selling houses and providing insurance advice, as well as the lack of formal training. This is being rectified.

Black Horse is supporting the College of Estate Management one-year course for the Certificate of Estate Agency, and also has a short residential course for front office staff in its agencies at the Lloyds Bank staff college at Hindhead.

Finally, there is the use of estate agent offices to promote other products of the institutions. General Accident, latest entry into this area, is adamant that its offices will in due course become fully fledged financial service shops comparable with those in the US.

Meanwhile, it will have a useful extra client list for promoting other products such as motor insurance investment contracts—although it is hard to see someone going into an office to discuss buying or selling a house and considering it opportune even to discuss at the same time motor insurance, let alone the latest unit trust.

TOP FIVE ESTATE AGENTS

Estate agents	Branches	Owner
Bairstow Eves/Mann & Co.	349	Hambros
Black Horse Agencies	241	Lloyds Bank
Fox & Sons	136	Royal Insurance (25 per cent)
Prudential Property Services	92	Prudential Corporation
Mariet Property and others	80	General Accident

Source: Chartered Surveyor Weekly

A nice chap, but...

A year ago, my mother's solicitor was instructed jointly by my mother and myself (as trustees of my late father's estate) to prepare an inheritance plan for CTT litigation. We have both chased him up on numerous occasions during the summer and autumn and in the run up to the last Budget and he was always about to deal with it. I think he has been extremely negligent and is likely to have incurred a significant potential loss for my parents' heirs. He is a nice chap, a close friend of the family, and most importantly an honest adviser to my mother. Is there any likelihood of a claim against him standing after my mother's death when the size of the loss can be measured, and is there any prudent action that the potential beneficiaries should take now to preserve any rights to claim later?

The most important thing is to ensure that a plan is produced and acted on right away. It is preferable to instruct other solicitors to do this in order to ensure that no conflict of interest arises. There is authority (in a case called *Ross v Caunters*) for a claim by a disappointed beneficiary—but it is uncertain where the limits of liability may lie in the case of a claimant who is not himself the client of the defendant firm of solicitors. One response a defendant is bound to make is that action should have been taken to mitigate the loss—hence the need to ensure that a salvage operation is undertaken at once.

Insist on land sale

Some agricultural land in trust became vacant last October. Under the terms of the will it can be sold, half the captial to be re-invested to provide income for myself, the other half to be a cash settlement to my late brother's children. There are four trustees, of which I am one. I am also the sole surviving life-tenant. Three trustees are willing to sell, but the fourth, who on my death benefits absolutely from the sale (i.e. my half share) refuses to sign the sale agreement although there is a cash purchaser who has offered more than the current price for agricultural land. The reason given for refusing to sign being "that in 5-10 years the land could have speculative value as potential building land." The area's chief planning officer states that as the land is in a green belt area planning permission would only be considered for agricultural or forestry purposes.

Can a life-tenant under the Settled Land Act 1925 order a sale against the wishes of one trustee?

BRIEFCASE

What if any, is the procedure to replace a trustee who is depriving beneficiaries of their rightful income?

If the proposed purchaser loses patience and "pulls out" can the one Trustee be held responsible and what action can be taken?

If you are the tenant for life under the Settled Land Act 1925 you can insist on a sale whether or not the trustees (or one or more of them) agree or disagree. If, on the other hand, the settlement is affected by way of a trust for sale it would be necessary to procure the agreement of the recalcitrant trustee. This should be done by applying to the Court for an order directing the trustees to sell. That is a less hazardous application to make than applying for the removal of the trustee. You should consult a solicitor about this as soon as possible. A claim against the trustee for loss caused by his refusal to agree to the present sale would be possible, but it is not likely to succeed unless the opinion which he has formed is wholly unreasonable.

Ignorance at Lloyd's

I have recently become an underwriting member at Lloyd's and my deposit consists of a bank guarantee of £10,000 and shares to the value of £27,500.

Does my transfer of these shares to Lloyd's count as a disposal for capital gains purposes, and if so how are further dealings in this deposit considered?

Can you recommend a good book rather than the flimsy accountant booklets, that explains the taxation of names.

It is rather surprising that you did not take the precaution of finding out the basic tax rules for Lloyd's underwriters before deciding to join. No; transfers of shares into, out of, and between underwriting reserves do not count as disposals for CGT purposes. The best source of recommended reading would be your underwriting agents: it is in their interest to ensure that you do not remain in ignorance of your prospective tax liabilities.

Account of dealings

My father's estate consisted mainly of holdings of ordinary shares and building society deposits. The will stated that the shares be sold as soon as practicable and the proceeds distributed equally between his children.

Am I entitled to an itemised account of the sales of the shares?

Is the solicitor expected to hold the proceeds in some interest bearing account prior to distribution? I raised this with the solicitor some three months after the sale of the shares and he said that he would do this immediately.

Am I entitled to have a certificate of the interest earned or tax deducted to show on my tax return?

You are entitled to an account showing the dealings with the estate after the end of the first year of the administration of the estate. Assets realised should be held in a deposit account. You would be entitled to a record of income tax deducted, where this has been done in respect of income on which you are taxable. This would not apply where the income is that of the estate.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

CUSTOMERS VOTE LLOYDS THE BEST

LLOYDS BANK has emerged as the high street bank which customers find the best in terms of the price and provision of services according to the 1986 Moneyletter Banking Survey which covers 12 major banks.

Lloyds scored 85 out of a possible 100 points pushing last year's winner the Midland into second place.

Lloyds Bank is seen to provide good value for money current accounts and cheap personal loans. Earlier this year Lloyds Bank along with Barclays and National Westminster Bank followed Midland's earlier move to free banking when in credit.

The survey points out that this switch by the main clearers was accompanied by the introduction of a fixed account charge for those overdrawn. Lloyds' simultaneous introduction of a monthly rather than quarterly charging system means that many of its fee paying current account customers now face lower bills than in 1985. But though Lloyds was the clear overall winner in the survey National Girobank has the lowest bank charges.

Lloyds also offers the cheapest personal loans charging an APR of 19.5 per cent.

How the 12 banks fared in the various categories is demonstrated in the accompanying table.

Copies of the 1986 Moneyletter Banking Survey are available free. A large 22p stamped addressed envelope should be sent to Rosters, 60 Welbeck Street, London W1M 7HB.

HOW THEY SCORED

Bank	Bank Charges	Eurocheques	Gold Card	S&B*	Mortgage	Saturday Opening	Branches	Cash	Loan	High Interest
Ideal	20	1	2	9	12	12	12	12	14	6
Yorkshire Bank	14	1	0	0	0	0	2	2	9	6
Trustee Savings Bank (S)	15	1	0	3	10	6	3	3	10	0
Trustee Savings Bank (E&W)	9	1	0	5	3	8	7	8	4	6
Royal Bank of Scotland	16	1	2	7	9	0	6	7	12	6
National Westminster	13	1	2	0	6	10	11	12	4	6
National Girobank	20	0	0	4	0	12	12	4	5	0
Midland	12	1	2	6	9	7	8	10	12	6
Lloyds	19	1	2	9	5	9	9	11	14	6
Co-Op	11	1	0	6	4	4	1	1	3	6
Clydesdale	17	I	2	0	7	5	4	5	6	6
Barclays	10	1	2	5	9	11	10	9	8	6
Bank of Scotland	18	1	2	6	4	0	5	6	13	6

* Save & Borrow Account

A licence to lose money

Alice Rawsthorn meets a man who didn't make his fortune from the BES through a fund

TO INVESTORS in Country Gardens who doubled their money, or in Select Appointments who trebled it, the business expansion scheme looks like a licence to print money. Yet to investors in less successful schemes, like Bexfund II, it looks like a licence to lose it.

Timothy Goodwin is a company director living in the North East of England. As a top rate taxpayer he turned to the business expansion scheme when it first surfaced three years ago as a way of securing tax relief.

In the first year of the scheme he opted for investment in direct issues, plumping for the asset-backed ventures which seemed most secure. In the scheme's second year his stockbroker suggested that he should "spread the risk" by investing in a business expansion fund. The accountant assembled a portfolio of schemes and Timothy Goodwin made his choice.

He opted for Bexfund II which proposed to assemble a "balance of high risk, high reward situations and more established enterprises."

"The prospectus seemed reasonable enough and Bexfund I had been relatively successful," said Goodwin. "So I decided to invest £5,000."

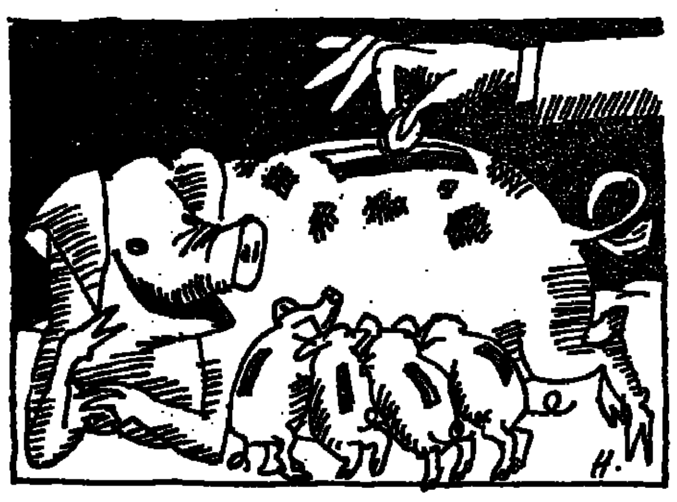
Bexfund II, like Bexfund I, was sponsored by the Ravendale Group, a firm of licensed securities dealers. Unbeknown to Timothy Goodwin the antics of the Ravendale Group and of its chairman, Chander "Chunder" Singh, and "his spaghetti-loving friends" had been entertaining the readers of Private Eye for years.

The fund was launched in early March 1984 and closed before the end of the 1983-84 taxation year. Ravendale opted to invest the capital raised in five concerns: AC (Scotland) which planned to produce performance cars; Burke's Peerage; Jordans 154, a computer software house; Scientific Applied Research, a consumer electronics concerns; and Serventi, a firm of commercial interior designers.

Within eight months the first signs of trouble surfaced when Burke's Peerage, which had exhausted its launch capital including the £150,000 Bexfund II had contributed, began to scout about for additional investment.

The problems of Burke's Peerage were well documented in Private Eye. Yet Bexfund II kept its investors informed about the development of the fund through a series of regular reviews entitled "progress of Investments."

These made lugubrious reading. In October last year AC (Scotland) went into receivership. The rights to the development of its proposed performance car, the Ecosse, were sold. Last week Bexfund II informed its subscribers that "the Receiver expects only a dividend for the preferential creditors and nothing for the ordinary shareholders."



In late December Bexfund II relayed more bad news. Scientific Applied Research had been excluded from the business expansion scheme by the Inland Revenue on the grounds that too high a proportion of its components were sourced overseas.

Bexfund II investors thus forfeited their tax relief for the Scientific Applied Research investment. The company was prevailed upon to buy out their shares, however, with capital gains of 33 per cent to compensate for the loss of tax relief.

Ravendale suggested that the money raised by the buy out should be invested in a publishing company, Art Focus, which planned to produce a ceramics magazine.

Meanwhile the trading arm of Serventi had gone into liquidation, leaving only the parent shell company. Two weeks ago Bexfund II informed subscribers that it was considering legal action against the directors of Serventi "on their admitted breaches of warranties and undertakings given at the time of Bexfund's subscription."

Similarly, the trading arm of Jordans 154 has gone into receivership. The parent shell company could continue to trade by acquiring new software ventures, but this would require additional capital from the company's shareholders.

Burke's Peerage also requires additional investment. In late 1985 the accountant Cork Gully was drafted in to report on the company's financial state. Cork Gully has recommended that Burke's Peerage could continue in business providing it raises extra capital and suggested the busines expansion scheme as the most suitable source.

Ravendale has advised subscribers that "there is a danger of business expansion scheme relief for the company (and their tax relief) being lost in a further financing. In such an event they (the managers of Bexfund II) would like to negotiate on behalf of Bexfund II as advantageous a deal as possible in any surviving corporate entity."

Thus Bexfund II has produced—in stark contrast to the "balance of high risk, high reward situations and more established enterprises" it promised in the prospectus—a combination of one company excluded from the business expansion scheme, another whose survival may depend on exclusion, one company already in receivership and two more whose trading arms have gone into liquidation.

Ravendale — which moved earlier this year from prestigious offices in the West End, to North London—refused to disclose any information on Bexfund II when contacted by the Financial Times.

Timothy Goodwin, at least, is remarkably phlegmatic about his experience with Bexfund II. "You win some, you lose some," he said. "I am still keen on business expansion scheme investment, but in future I will pick my own issues rather than spread the risk."

Pay to protect your key staff

KEY PERSONNEL can sometimes make or break a business. So they should be protected just like any other valuable asset. There is little you can do to prevent a key man or woman being lured away by competitors except by offering sufficient incentives to stay.

But what about the loss to a company if a key employee dies suddenly, possibly putting the whole future of the company at risk? The answer could be what is known as keyman insurance—taking out a policy against the loss of profit resulting from the death of a key employee such as a managing director or chairman.

The first problem is how to calculate the loss of potential

profits to be covered by insurance. A rough and ready method is to base it on the key man's salary—say, 10 to 20 times the annual pay. An alternative, and more complicated method, is to take into account the salary linked together with the annual gross profit of the company and the amount of time it will take to find and train a replacement.

All major companies including the Prudential, Guardian Royal Exchange, Phoenix and Commercial Union, offer general keyman insurance policies. But the computations involved can be difficult.

Johnson Fry, the business expansion scheme specialists, arrange many key man insurance policies since some BES schemes are dependent on key personnel for their future prosperity. They have a lot of different policies on offer. Just like taking out ordinary life insurance, you have to fill in a proposal form giving full medical details of the key individual to be covered. For cover in excess of £100,000 you must give further details about the company business, its size, the number of employees, and the type of work.

Premium rates vary, depending on the amount of cover required. But because of the low level of claims, rates are really quite low considering the sums assured. A company insuring a keyman aged 50 over a 10-year period would pay about £1,350 a year, according to Commercial Union. The Prudential will give £500,000 cover for a keyman aged 30 for about £1,500 annually, and there is a 20 per cent discount for a non-smoker. The premium rises to £3,000 if you want cover of £1m.

Many banks and venture capital companies, backing business expansion and management buy-out schemes, now insist on the company insuring its key staff. Often, the main attraction of an investment is the chance to back talented individuals.

Nevertheless, keyman insurance is very limited in Britain compared with the US. Virtually any major American company guards against the possible loss of profits due to the death of its directors or senior management. It is a sad fact, that British companies do not seem to place as high a value on their top executives as their foreign competitors.

Jeremy Sandelson

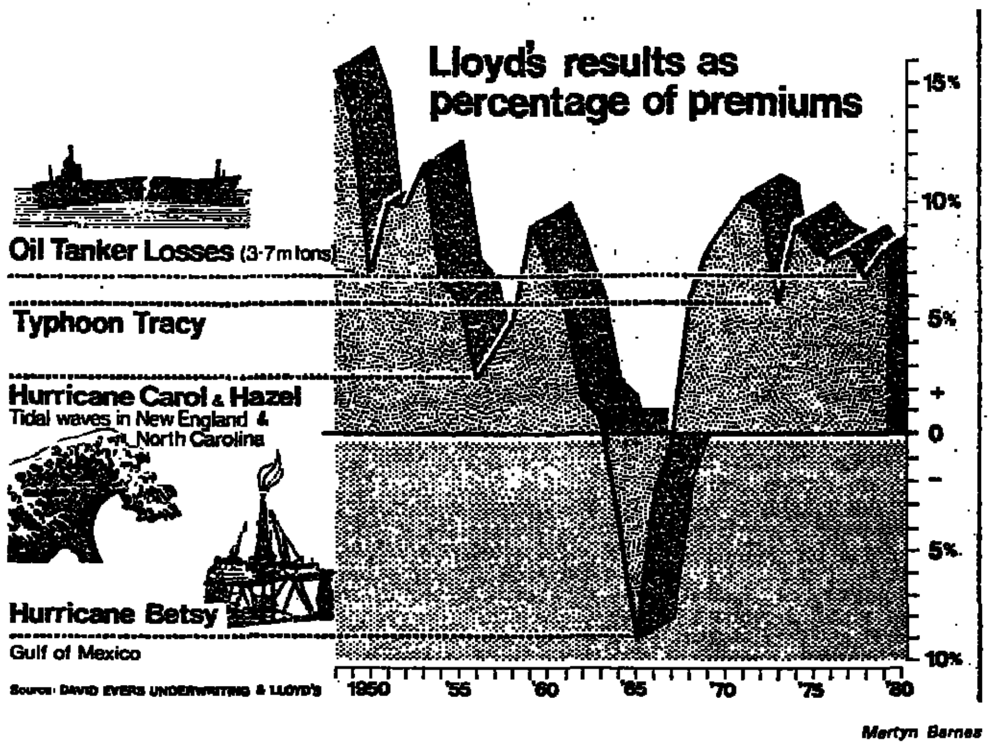
BASE LENDING RATES

	%		%
ABN Bank	10	First Nat. Fin. Corp.	11
Allied Dunbar & Co	10	First Nat. Sec. Ltd	11
Allied Irish Bank	10	● Robert Fleming & Co	10
American Express Bk	10	Robert Fraser & Ptrs	11
Amro Bank	10	Grindlays Bank	‡10
Henry Ansbacher	10	● Guinness Mahon	10
Associates Cap Corp	10	● Hambros Bank	10
Banco de Bilbao	10	Heritable & Gen. Trust	10
Bank Hapoalim	10	● Hill Samuel	§10
Bank Leumi (UK)	10	C. Hoare & Co	†10
Bank Credit & Comm	10	Hongkong & Shanghai	10
Bank of Cyprus	10	Knowsley & Co. Ltd	10½
Bank of Ireland	10	Lloyds Bank	10
Bank of India	10	Edward Manson & Co	11
Bank of Scotland	10	Mase Westpac Ltd	10
Banque Belge Ltd	10	Meghraj & Sons Ltd	10
Barclays Bank	10	Midland Bank	10
Beneficial Trust Ltd	11½	● Morgan Grenfell	10
Brit. Bk. of Mid. East	10	Mount Credit Corp. Ltd	10
● Brown Shipley	10	National Bk. of Kuwait	10
CL Bank Nederland	10	National Girobank	10
Canada Permanent	10	National Westminster	10
Cayzer Ltd	10	Northern Bank Ltd	10
Cedar Holdings	11	Norwich Gen. Trust	10
● Charterhouse Bank	10	PK Finans. Intl (UK)	11
Citibank NA	10	Provincial Trust Ltd	11
Citibank Savings	¶10.75	R. Raphael & Sons	10
City Merchants Bank	10	Roxburghe Guarantee	10
Clydesdale Bank	10	Royal Bank of Scotland	10
Comm. Bk. N. East	10	Royal Trust Co. Canada	10
Consolidated Credits	10	Standard Chartered	10
Continental Trust Ltd	10	Trustee Savings Bank	10
Co-operative Bank	*10	United Bank of Kuwait	10
The Cyprus Popular Bk	10	United Mizrahi Bank	10
Duncan Lawrie	10	Westpac Banking Corp	10
E. T. Trust	11	Whiteaway Laidlaw	10½
Exeter Trust Ltd	10½	Yorkshire Bank	10
Financial & Gen. Sec	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5.69%. 1-month 6.03%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 5.82%. Mortgage 11%.

Returns which take time to materialise

Nick Bunker sets out the ifs and buts, the likely risks, and possible rewards of becoming a 'name' on the insurance syndicates at Lloyd's of London



Martyn Barnes

FAINT-hearted readers should stop right here. Investors of a nervous disposition have never been well-advised to join the ranks of underwriting members who provide working capital for Lloyd's of London, the world's leading insurance market.

True, since 1945 Lloyd's membership has been a sound proposition—in the long run—and will probably remain so. Between 1948 and 1978, the market's core business—insuring the world's merchant ships—made more than a 10 per cent profit for 18 years out of the 31. UK motor insurance registered a loss only twice, in 1969 and 1970.

The problem is that, like all insurers, Lloyd's results run in cycles. The World market might go through a three-year upswing when premiums and profits rise, drawing in more capital. Then, the supply of insurance exceeds the demand, rates start to fall, and profits dwindle for the next three years.

Worse still, the cycles are punctuated by catastrophes such as the grimmest of postwar disasters. Hurricane Betsy, which hit the US in the mid-1960s and helped to wipe out Lloyd's marine, non-marine and aviation profits between 1964 and 1967.

Even in shipping insurance, where Lloyd's is dominant by virtue of its underwriting expertise and global intelligence network, results can be highly variable.

The performance tables published by the Association of Lloyd's Members (ALM) show that in 1982, for instance, the best of marine syndicates, into which underwriting members are grouped, made a profit of £14,476 for a member (known in Lloyd's as a "name") investing £10,000, while the worst lost £22,500.

So why did 3,100 people join Lloyd's in 1985, boosting its membership to nearly 29,000? And why should anyone consider applying before June 30 (this year's deadline) to begin underwriting on January 1, 1987?

The answer is that Lloyd's still offers people at high net worth and who pay high tax the chance of a healthy "second return" on their capital, as well as some real but limited tax-planning advantages (for which they need an accountant's advice).

The second return arises because names retain the use of their capital — and the investment income it provides — while it is committed to Lloyd's underwriting. In addition, they get a share of syndicate profits, whether they arise purely from underwriting or from the investment of premium money received.

Just as important, most observers agree that 1986 is a good time to become a Lloyd's member because a three-year upturn apparently began in 1985 — with profits likely to improve as underwriters raise premiums in reaction to the abysmal losses incurred by some non-marine syndicates in the past five years.

Those losses — largely in the US — forced the world's underwriters to tighten the terms on which they offer policies. The result, says Michael Hesketh, an insurance analyst with London stockbroker Rowe and Pitman, is that "in the present climate, Lloyd's has the whip hand. It can call the shots."

The crucial proviso is that Lloyd's names must pay far more attention than many have in the past to the commercial risks and rewards of the insurance business, not least because falling interest rates are reducing the market's capacity to use investment income to offset underwriting losses.

In theory, the basics of joining Lloyd's are simple. You must be over 21 and sponsored by an existing member who has known you for at least 12 months, but you do not have to be a UK resident.

The sponsor introduces you to an underwriting or members' agent. Agents then process your application and shepherd you through an interview with the Lloyd's rota committee; this is held in the summer or autumn of the year before you want to start underwriting.

The Committee has to satisfy itself that you understand what membership entails—especially the concept of unlimited personal liability, whereby you are liable up to the full extent of your assets for claims made on policies written on your behalf.

In the meantime, you must show £100,000 in readily-realisable assets such as cash, stocks and shares but excluding your main residence. A bank guarantee—secured on real estate—can, however, be used to satisfy the asset means test.

Once accepted, your name will be placed by your agent on a range of Lloyd's syndicates (there are now about 400). Each has an active underwriter who writes policies up to a premium limit of twice the proven assets of his names. A £100,000 name, then, could in 1987 write £200,000 worth of business—but must deposit 25 per cent of this premium limit with Lloyd's to meet possible claims.

In practice, a prospective name has to ask himself far more questions than this simple summary suggests.

John Rayer, a partner in the London office of accountant Robson Rhodes, advises about 20 or 30 people each year to become names but stresses that their assets should usually be at least £250,000 (not just £100,000), allowing them to discount their residence for means test purposes. They should also be at least 50 per cent marginal rate taxpayers.

Why? First, the cyclical fortunes of the Lloyd's market mean that a name could make losses in his first years of membership. Thus, he needs a cushion of extra capital to protect himself so that he will not be scraping around to meet his £100,000 asset test in future years.

Second, the return from Lloyd's takes time to materialise, during which the name will have to pay out £10,000 in membership costs (some of which can be offset against tax) with no guarantee of eventual profit. If a name starts underwriting next January 1, he will not receive a profit cheque until mid-1990 because syndicate accounts stay open for three years to allow for claims from policyholders.

In the meantime, the name will have to fork out his £3,000 Lloyd's entry fee, an annual subscription of 0.8 per cent of his gross premium income, the annual cost of bank guarantees (perhaps £1,000 for a £100,000 guarantee), and annual premiums of perhaps £1,000 for "stop-loss" insurance, which a name takes out to cover himself against big claims.

Third, the Inland Revenue allows names tax relief at their highest rate on underwriting losses. Only a name already paying high rates of income tax can get full benefit (Robson Rhodes publishes a useful booklet on this and other tax points).

Finally, a name needs to be writing enough insurance business to allow him to spread his risks across a wide range of syndicates. This raises what Raymond Nottage, the ALM's deputy chairman, calls "the absolutely fundamental problem" of choosing the right members' agent. He can make or break the name through his choice of syndicates, so a new name should shop around and talk to at least three or four possible agents (Lloyd's publishes a list).

At present, the 250 or so agents fall into two categories. "Pure" agents simply look after names and place them on—or withdraw them from—syndicates. But many agents double as managing agents running syndicates; the prospective name should steer clear of these if he is worried by the possibility of a conflict of interest.

That conflict can arise from two directions. An agent who is also a managing agent will want to put names on syndicates managed by his own company, even if they are not the most profitable. And if a syndicate managed by an agent runs into difficulties he might be reluctant to withdraw his names, even when it is in their best interests to do so.

A prospective name can judge the worth of an agent—and a syndicate's underwriter—by asking the right questions and checking the answers against the two sets of performance tables now available. These are published by the ALM and by Chatset, a private company which tracks syndicates' results over seven years.

A good agent should be able to place names on at least 60 syndicates. The name should ask him how he measures their quality and if the agent has a track record for avoiding duffers such as syndicates which handled a high proportion of US general liability insurance, the 1980s biggest loss-maker.

Names should expect their agents to place them on a range of syndicates insuring a diversified spread of risks. This is to balance high-risk, high-reward business (such as catastrophe insurance) against safer but less remunerative types, in much the same way as you plan an equity portfolio.

According to Charles Sturge, one of the owners of Chatset, the name should aim to join at least 10 syndicates, with none of them exceeding 10 per cent of his overall premium-income capacity.

Ideally, the spread of syndicates should complement each other and reflect the balance of the whole Lloyd's market. Sturge suggests putting 42 per cent of your premium capacity on marine syndicates, 38 per cent on non-marine, 13 per cent on aviation, and 7 per cent on motor.

Within that framework, you can diversify further.

From the ALM and Chatset tables, you can then deduce which syndicates are the best to join. The tables reveal, for example, the syndicates to avoid — those with recurrent losses, consistently poor profits or with premium income that has grown very fast, perhaps through writing a lot of risky business at low rates.

● What's in a Name? by John Rayer and Mower. Free, from Robson Rhodes, 186 City Road, London EC1V 2NU.

● Lloyd's League Tables. £40. Chatset Ltd., Bridge House, 181 Queen Victoria Street, London EC4.

● 1982 Lloyd's Syndicate Results. £20 to ALM members, £60 to others. ALM, Lloyd's, Lime Street, London EC3M 7HA.

Week-end Business

Business Services

Businesses Wanted

Businesses For Sale

Legal Notices

No. 003232 of 1986
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
SKF (U.K.) LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 29th April 1986 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of (a) the capital of the above-named Company from £9,500,000 to £1,785,000 and (b) the Share Premium Account of the said Company from £1,125,000 to £1,114,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Hoffmann at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 16th day of June 1986.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital and Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 7th day of June 1986.
LANE & PARTNERS,
46/47 Bloomsbury Square,
London WC1A 2RU.
Ref: QMPL/KSG/19
Solicitors for the above-named Company.

Company Notices

LLOYDS INTERNATIONAL SMALLER COMPANIES FUND
SICAV
Luxembourg, 37, rue Notre-Dame
R.C. Luxembourg B 7635

Avis de convocation

Messieurs les Actionnaires sont convoqués par le présent avis à l'Assemblée Générale Statutaire qui aura lieu le 17 juin 1986 à 11.00 heures dans les bureaux de la Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg, avec l'ordre du jour suivant:

Ordre du jour

1. Approbation des rapports du Conseil d'Administration et du Commissaire aux Comptes.
2. Approbation des bilan et compte de pertes et profits au 31 décembre 1985.
3. Décharge aux Administrateurs et au Commissaire aux Comptes pour l'exécution de leurs fonctions jusqu'au 31 décembre 1985.
4. Nominations statutaires.

Les décisions à prendre concernant tous les points à l'ordre du jour ne requièrent aucun quorum. Elles seront prises à la simple majorité des actions présentes ou représentées à l'Assemblée.

Le Conseil d'Administration

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Back to school, Maggie

Michael Dixon takes a new look at the politics and economics of private education

MRS THATCHER must have mixed feelings about the UK's 2,500 independent schools.

Until fairly recently she and her Government's spokesmen eagerly used the best of the independents as a public example of the standards state schools should aim to achieve. There was even ministerial talk of reinforcing the quality message of establishing within the state system a small number of elite "Crown Schools" on the lines of the old semi-independent direct-grant schools.

Now a general election is approaching, however, public disquiet over the widespread decay of state schooling has changed the independent sector's political status. Instead of being a standard to be brandished, it has become a spectre to be feared.

With the official educational inspectorate reporting that the worst effects of state schools' deterioration are falling on children from poor homes, the Prime Minister has apparently realised that scholarly achievements are likely to count less among floating voters than social alarm.

And the electoral danger represented by the very existence of a separate set of schools for families able to pay fees, can only be worsened by the fact that the independent sector is going from strength to strength.

A sketch of its growth is provided by a survey recently published by the Independent Schools Information Service (ISIS). It outlines the development of just over half the country's fee-charging establishments between the Januaries of 1985 and this year. If what was true of the 1,289 schools covered were true of the sector as a whole, its share of the UK's total school-aged population grew over the 12 months from 6 to 6.5 per cent.

The senior independents surveyed raised their pupil numbers by almost 1 per cent although the total secondary-school population fell during the period by 3.7 per cent. The fee-charging preparatory schools for younger children increased their rolls by 2.3 per cent while total primary-school numbers rose by only 0.3 per cent.

What is more, the average fee among the independents as a whole increased in the meantime by 9 per cent—half as fast again as the rate of inflation.

Many managers in business would be proud to have achieved a comparable increase in "market share" against such a combination of rising prices and a decreasing number of potential customers. But in spite of the independents' success in terms of those criteria, there are other developments which must be causing them some concern.

To indicate what the more detailed trends are I have taken the broad statistics provided by ISIS and used them to build a "typical" fee-charging school fairly representative of the 1,289 surveyed. In making it typical of them in the smaller points, however, I have had to make it unusually large in overall size.

In January 1985, the FT Independent School had a total of 988 pupils. Just over a quarter of them were boarders, and of those around a third were aged under 13 and so in the preparatory forms of the school. Of the three quarters who were day-pupils, rather more than a fifth were in the prep forms. Overall boys outnumbered girls by roughly 17 to nine.

Today, 12 months later, the

	1986	1985
Boarders:		
Senior boys	103	105
Senior girls	54	53
Prep boys	64	66
Prep girls	31	29
Day-pupils:		
Senior boys	233	233
Senior girls	194	187
Prep boys	169	165
Prep girls	152	150
	1,000	988

divisions of the children between the sexes, the preparatory and senior forms, and boarding and day-only attendance are broadly the same. But in the meantime the total roll has increased by nearly 1.2 per cent giving us precisely 1,000 pupils all told.

The number of newcomers joining in the interval is 129. Of them, 113 merely replaced those who left last summer having reached the age of at least 16. When it came to gaining places in continued full-time education at degree level, the 1985 leavers did pretty well.

Degree-course places were obtained by slightly more than half—57, of whom 37 got into a university. Arts and social studies accounted for 22 of the university entrants. Four took up engineering or other technologies, and eight "purer" sciences.

The pupils who went up to universities included 16 girls. Degree courses in arts and social studies took 10 of them. Three others are budding scientists, two have ambitions for a medical career, but only one is trying to invade the male dominated field of technology. By contrast, that field accounted for three of the 21 boy leavers who obtained university places, with one taking medicine, five pursuing other sciences and 12 in arts and social sciences.

Besides the 113 pupils who left on completing their schooling, we lost four others. All were boy boarders, two older pupils and two from the prep forms. But enough extra pupils entered to leave the school with a net gain of 12, even though the balance between the different factions altered as follows:

Over the year, therefore, the net loss of the four boy boarders has been partly compensated by a net gain of three girl boarders, one senior and two younger. In the day-attendance element, the number of older boys has stayed the same and there have been net gains of seven senior girls, four prep boys and two younger girls.

While the change in the balance of pupil numbers is only slight, it has had a somewhat greater effect on the school's receipts from fees. Since it is in all respects typical of the independent sector as a whole, the school's fees for the different kinds of pupil are in each case in the middle of the ranges found by the January 1986 survey.

In the boarding houses the charges per term are £1,575 for a senior boy, £1,350 for a senior girl, and £1,225 for prep children of either sex. Among day-pupils, the fees are £930 for an older boy, £825 for a senior girl, and again an undifferentiated fee for the prep form of £725 a term.

As a result, the school's total fee income per term is now £960,985. The return from the boarding element is £351,500, and the contribution of the day-pupils is £609,465.

Those actual termly income figures can be compared with what the contribution fees would have been if the school had continued with only 988 pupils in total, distributed as they were in January 1985. Had that happened, the total income would have been £960,465, with boarders producing £353,600 and day-pupils £596,865.

By comparison with the "would have been" figures, therefore, the actual total is up by 1.1 per cent—slightly less than the percentage increase in pupil numbers. The fee earnings from day pupils are higher by 2.1 per cent. But the boarding houses' contribution is down by 0.6 per cent.

The dip in the income from boarding continues a trend which has been noticeable for some years. So has the tendency for girl pupils to increase and boys to decrease.

Most heads of independent schools attribute the swing against boarding to a growing reluctance among better off parents to have their offspring away from home for long stretches of time. The usual reason given for the swing from boys to girls is that families are coming to believe it is only right to educate their daughters no less expensively than their sons.

The past year, however, has brought signs of a new development: an increase in girl boarders particularly at younger ages. The explanation is probably twofold, according to Mrs Anne Mustoe, chairman of the ISIS committee and head of St Felix' School in Suffolk.

She thinks that while one cause is families' anxiety about violence on urban streets, another reason is that boarding has greater appeal to girls than boys.

"Odd though it may seem, one influence may be the kind of school stories girls tend to read. They usually present boarding schools a super place to be, whereas the stories for boys sometimes give a grimmer picture. Remember Tom Brown's Schooldays?"

Whatever the causes, the trends have implications for the independent schools' costs. Boarding facilities are more expensive than those for day-pupils, and empty accommodation for boys is not easily switched to use by girls.

Two nations in the schoolroom

Even where day-pupils are concerned, facilities for one sex may be dear to convert to suit the other. The strain on finances implied by the trends is of course greater for schools which, unlike the FT establishment, have hitherto catered predominantly for boys.

The prospect of having to pay for costly conversions is especially worrying to the majority of schools without much endowment income.

One reason is that the receipts from fees per term which I indicated earlier overstate the actual inflow of money from that source. In the case of 191 of our 1,000 pupils, the fees are not paid wholly by their parents but are subsidised in various ways.

Some are subsidised externally so that the school still collects the full fee. Local education authorities help 23 compared with 25 in 1985. Central Government's assisted places scheme aids 55 as against 47 last year. Other sources subsidise 11 compared with 13. But the rest—102 as against 97—are assisted from the school's own funds.

To make the worry worse, costs leapt in 1984-85 (which is the last full financial year for which figures are available).

During that year the cost trends in our school closely resembled those revealed by the latest annual survey of samples of independents by John Garton Ash of the London accountants MacIntyre Hudson, who heads a team specialising in providing financial advice to the fee-charging sector.

His particular survey leaves out senior day schools, covering only boarding establishments for older pupils as well as boarding and day preparatory schools. The study suggests that in senior boarders average costs fell slightly between 1983-84 and 1984-85 to subsume 92 per cent of fee income instead of 92.4 per cent.

But prep boarders suffered an increase from 89 to 99.3 per cent, and day prep schools a worse one which turned the 1983-84 surplus of 13.5 per cent in fee income into a loss of 0.4 per cent.

The preparatories should mercifully be in a better position in the present financial year because the main contributors to the cost increase were urgent repairs to property, which should last for a good time to come. But the effect of the rise in expenses on our school, which of course includes senior day-pupils as its biggest single group, was a 1984-85 cost figure of £2,129,327.

It left a surplus of 8.7 per cent of the notional fee income of £2,315,498, but the real surplus has to be reduced by the undisclosed cost of the school's own subsidies to pupils.

Of our total cost, about 53 per cent goes on the most important element of any school—the salaries of teaching staff. Some of them come in only part-time, but when they are counted as representing two fifths of a full-timer, the school has the equivalent of about 82 qualified teachers. Almost three quarters of them are graduates, including six in mathematics, 11 in sciences and 39 in other subjects.

We are therefore fairly well off for staff. Our ratio of teachers to pupils is one to 12.2, which compares with about one to 17.8 across the state school sector.

That by itself need not give independent-sector pupils an advantage. It is wrong to suppose that where there are fewer children to each teacher, so permitting smaller classes, the pupils' educational attainments will be better. All of the numerous research studies made on the topic have shown that smaller classes are not linked with improved educational attainments.

What probably makes the difference is not quantity of teachers available, but the quality of their teaching. And here fee-charging schools do have an advantage because it is far easier for them to sack and replace poor teachers.

Even so, the independent sector's better teacher-pupil ratio still spells trouble for Mrs Thatcher. The complexity which explains why the ratio does not of itself ensure an advantage is a difficult thing for a politician to get across to voters. Witness the failure of Sir Keith Joseph, as Education Secretary, to communicate to the public that the main reason for the recent protests by teachers' unions was not his refusal to offer higher pay but his insistence on awarding it only in return for teachers' accepting more tightly defined job conditions.

The object of the changed conditions — which even now have still to be accepted by the main teachers' unions—was to give the local education authorities which directly run state schools more flexibility of management.

Higher pay could be offered to attract in specialists in maths, physics and so on in short supply in state schools.

The kind of managerial flexibility which as yet is only a aim in the taxpayer-financed system is already possessed by the independent sector. And it is probably that, more than any other factor, which explains why the sector seems in general to be going from strength to strength.

Even though preparatory schools were last year faced with urgent repairs to premises, for example, they were largely able to find the money to carry them out. If the educational inspectorate is to be believed, school buildings in the state system are often in a desperate state but are merely being allowed to worsen from year to year, as are supplies of books and equipment.

By contrast, our school last year was able to raise its investment in buildings and equipment. It spent £149,6[illegible] on new buildings compared with £132,056 in 1983-84, and £101,270 on improvements to premises and equipment against £95,158.

It seems probable therefore that if the Prime Minister is to stop the gap between the state and the independent sectors of schooling from widening further, the key lies in greatly increasing the effectiveness of management in the state system. But it will be a hard object to achieve even if the teachers' unions agree to the changed job conditions originally proposed by Sir Keith Joseph.

The important thing about the managerial flexibility in the fee-charging sector is that it is exercised at the level of the individual school. There is such responsibility at the individual level in the state system, where schools are run through chains of bureaucrats from education offices of the area local authority.

• PROPERTY •

Danger signs for rentals

John Brennan advises landlords to exercise caution

OWNING other people's homes has been a politically risky and socially questionable pastime in Britain for decades. The private residential landlord suffered a cartoon transformation from neutral investor into ogre as successive Rent Acts turned war-time emergency controls on rents into a permanent element of housing policy.

As controls cut the return on residential property investment to an uncommercial level, let properties decayed, landlords sold out, and in the last 30 years we've switched from 52 per cent of households in private rented property to barely 10 per cent today.

The private rented sector has shown every sign of terminal decay—until now. There are two quite distinct signs that the private landlord is coming back into fashion.

One looks to be an unstoppable groundswell of opinion among the building societies, housebuilders and politicians charged with housing policy on both sides of Parliament that Britain cannot afford to lose a rental alternative to home buying.

The other is far from unstoppable, although it might appear so at the moment. That is the stampede of absentee landlords hoping to cash in on the Central London rental market. Unlike the broader disquiet over rented homes nationally, this up-market influx of investment now looks to be dangerously overheated.

Broad social and economic arguments in favour of a rental option for householders have been firmly underlined by the past few years' house price rises. In its recent analysis of owner occupation as an investment the Nationwide Building Society recast the usual figures for the gross increase in the value of the houses. It made allowance for the cost of purchase, moving and paying a mortgage. On the other side of the equation it added an allowance for the notional rental-value of living in your own home.

Nationwide's results confirm the assumption that owning has been an excellent investment in recent years.

Even taking average national figures for house price increases—rather than the more exotic rises recorded in Central London—the society calculated that, for a house bought in 1975 on a standard 25-year mortgage and sold in 1985, the effective net annual return on the investment would have been 22 per cent. After inflation that is a real return of more than 12 per cent a year. It beat the equivalent gross return on the FT Ordinary Share Index by a full 10 per cent, and topped the 17 per cent annual gross return you would have achieved on an average unit trust investment.

So if you could afford to buy, buying has been the most commercially sensible thing to do. But the reverse side of this argument is evident in the increase in the number of people on local authority housing lists, the quarter of a million households now receiving some form of assistance with their mortgage payments, and the families locked into jobless areas by an unscaleable price barrier that has risen across the country, dividing the relatively prosperous South East from the rest.

Housing association developments, co-ownership plans and an increasing number of rental schemes involving co-operatives of developer, funder and local tenant associations have helped to provide some counter to the loss of private rented property. But new rented space there has not kept pace with the more than £5 billion of council house sales since the 1980 Housing Act introduced the "right to buy."

Since no one within the housing industry expects our current national figure of close on 65 per cent home ownership to reach more than 70 or, at most, 75 per cent of all households by the century's end, there will still be a significant, probably permanent, demand for new rented accommodation to replenish the existing stock of holder houses in the sector.

John Birch: What goes up can come down

A future Labour government would certainly boost the local authorities' house building programmes. But the prospect of such a change of government keeps private investors from building to rent. It's an impasse that only the building societies seem likely to break.

Societies' new powers next year enable them to hold land and take a more active development role than in the past. Evident enthusiasm to use these new powers, the cash resources to prime major developments and their cross-party political acceptability makes the societies the most probable heirs to the traditional private landlord.

London boom

In the meantime, at least one section of the market has been having no difficulty in attracting new investors keen to rent out houses and flats. Demand for Central London properties with rateable values high enough to put them above the controls of the Rent Act is showing all the frantic pace of a gold rush. Like a gold rush, not everyone is going to make a fortune.

In a comprehensive review of the prime London letting market, Savills' partner Victoria Mitchell reports that 62 per cent of the owners of high-value rented accommodation are investors who never intend to live in the properties. Another 6 per cent are UK expatriates buying to retain a profitable foothold in the British housing market, but who would expect to sell their Central London rental and buy somewhere else to live on their return to this country.

The agents' figures suggest, then, that nearly 70 per cent of the prime Central London properties available to rent have been bought for pure investment reasons. Only 14 per cent of the total are owned by people letting out their own homes while they work overseas. The rest tend to be second-home owners of all nationalities letting on a temporary basis.

You don't have to look far to find the reason for this investment interest, or for the danger signs that are beginning to appear over the market.

Investors, mainly private buyers, are primarily interested in capital appreciation. Rental income on its own couldn't justify today's buying prices. "Rental returns," say Savills, "are currently equating to between 4 and 7 per cent per annum, having taken all charges into account with the exception of tax and financing costs." And although the report accepts that "occupancy rates are currently as high as 85 to 95 per cent," tax, financing costs and risk of voids—especially for people who are now buying outside the core areas—mean that the investment logic for new buyers leans ever more heavily upon continuing price rises. Rises that are being led up by those very investors.

Around half of those renting in London are Americans, who pay, according to Savills, an average of £430 a week. Continental Europeans are the next major group, making up a quarter of the total and paying average rents of £412 a week. The 6 per cent of Middle Eastern tenants tend to generate towards the larger, more luxurious properties and pay average rents of £563 a week.

As for those capital gains, the past three years have more than justified residential investors' expectations. Victoria Mitchell talks of a 25 per cent increase in values in the last 12 months, 35 per cent in 1984-85, and 30 per cent in 1983-84. And those are only the averages.

The "poor" two-bedroom flat you could have bought for £65,000 in Chelsea, Kensington or Holland Park on a 65-year lease back in 1984 would now set you back over £120,000. The four to five bedroom house in Fulham worth £200,000 two years ago would now sell for £385,000 or so. A half a million pounds worth of Belgravia flat in 1984 would be closer to £950,000 on the market today.

The big question is, will it last? Victoria Mitchell talks of a "strong and stable market," although the number of prime properties is rising as developers add new converted space tailored specifically for rentals and aimed at the investors who have been leading the prices up.

Add to the supply, stabilise, or reduce the letting demand as the City settles down after its Big Bang, and the rental income that helps towards investors' property holding costs begins to look less certain. If the queue of owners selling to cash-in on past rises ahead of that reverse ever exceeds the queue of hopeful investors trying to get into the market the whole price spiral would switch into reverse.

One key then is the strength of letting demand. And John Birch, deputy chairman of the 52-strong Association of Residential Letting Agents, has cautious words to say about that.

Mr Birch has specialised in rentals for 25 years and recalls when the larger Central London agents would look down their noses at renting work. In the past three years all that has changed as "everyone has been jumping onto the bandwagon."

Good, well-let Central London properties are, he says, "a goldmine with two shafts. There is the rise in capital values and what you get as a return from good tenants." But as so many people have piled into the market "I would say that any estate agent should sound a note of caution. What goes up can come down." Mr Birch thinks that the main risk is for later buyers who have already been priced out of the heart of the West End and who are paying West End prices for properties in peripheral areas. Those buyers are, whether they appreciate it or not, taking a big speculative risk.

Member firms of Mr Birch's association do have to have two years' experience in rental management before setting up shop. But many more than those 52 firms offer a purchase for investment and rent service these days. You can find out who are members by writing to the association at 18/21 Jermyn Street, London SW1.

Only a few of the expert agencies claim to offer the tax advisory services necessary for expatriate Britons and foreign buyers. And there is evidence that some of these buyers have either bought without thinking or have simply ignored the advice they have received.

Any generalisations about tax are dangerous. However, there have been a couple of cases recently that have illustrated the financial headaches ill-advised investment buyers can give themselves.

One or two Britons who have painstakingly established domicile abroad have been tempted back into the London residential market by the reports of price increases and, in the process, given the Inland Revenue a hook to reel in their worldwide assets. Unless ownership of the property is carefully considered a letting void for such absentee landlords raises the spectre for them of having a UK property "available" for their use.

Similarly, a number of expatriate buyers have put at risk their UK tax freedom without setting foot back in the country. A potentially protracted tax case on their return, combined with the risks of sight-unseen purchase of an investment property in London, should send any prospective buyers in search of a good tax lawyer before even glancing through the house and flat price lists.

Poor tax advice, or none at all, can be as risky in this market as betting on future prices as big as those of the past three years.

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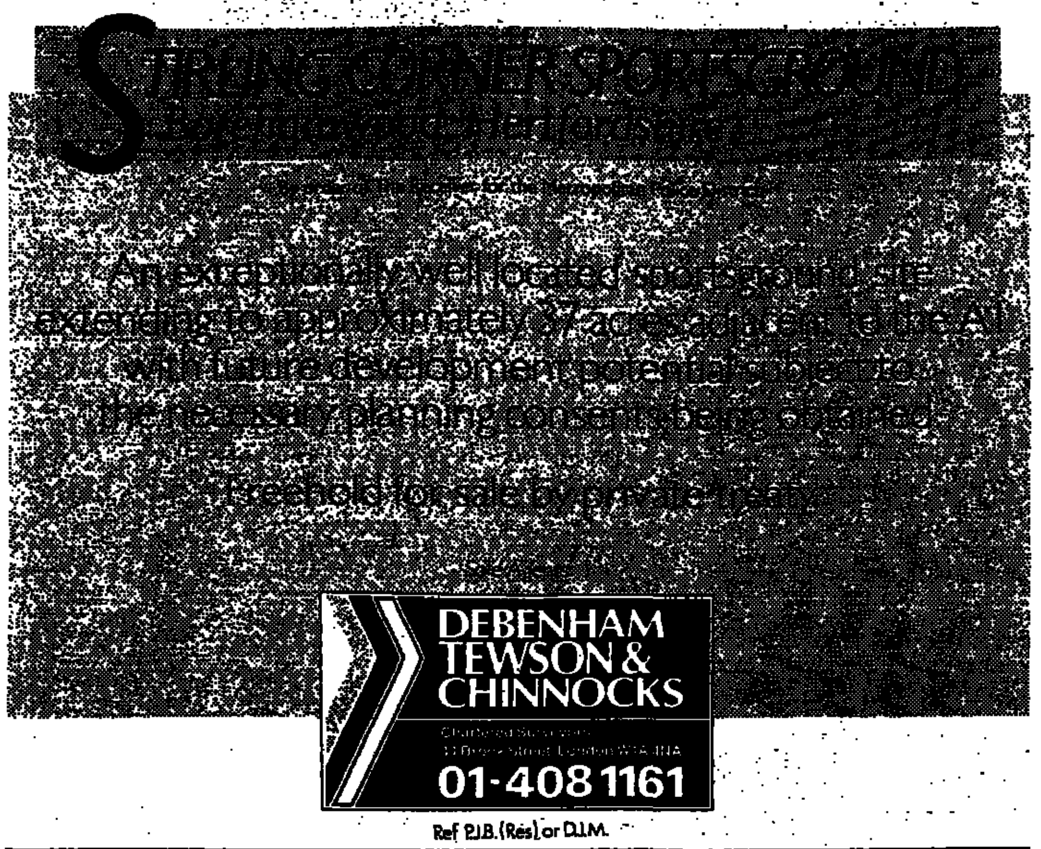
Country Property



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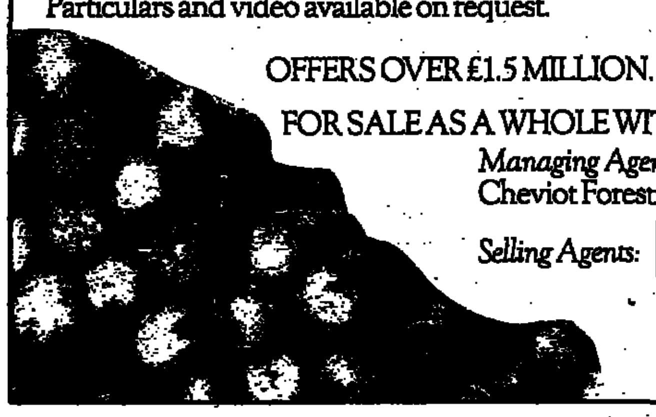

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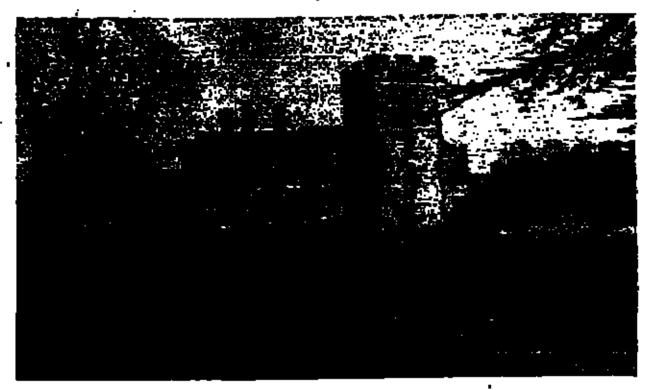

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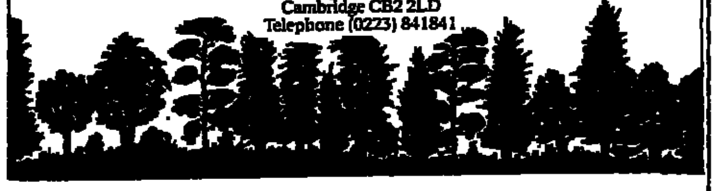

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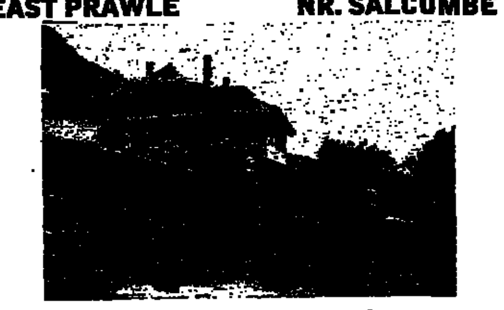

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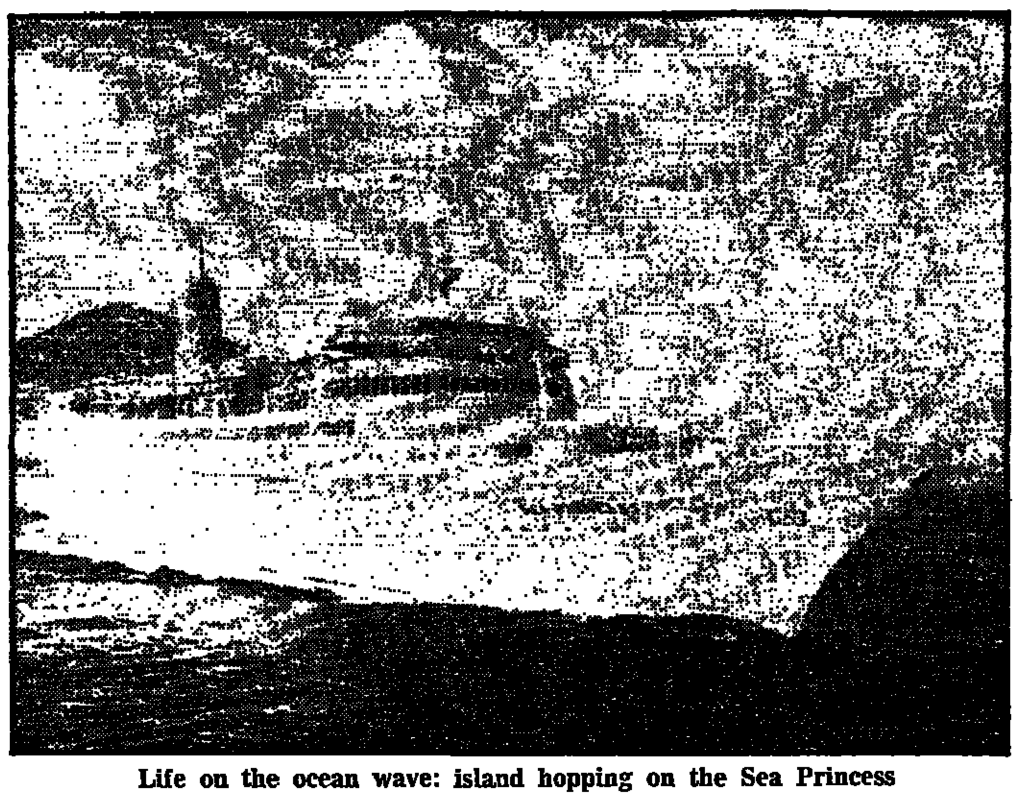
• TRAVEL • MOTORING •

Afloat on a sea of luxury

Annalena McAfee leaves a chilly Britain behind and goes cruising in the Caribbean



Life on the ocean wave: island hopping on the Sea Princess

TO SOME experienced cruisers, as long as the sun shines, the itinerary is of minor import. The ship itself is the destination. One traveller on her third round-the-world cruise was asked why she was so reluctant to foresake the ship's fruit machines for a trip round the latest port. She said. "I never go ashore. My family would never forgive me if something happened to me in a foreign country."

But for most of those leaning over the deck of P & O's Sea Princess, watching the setting sun flare behind Port Everglades in Florida, sights were fixed on the five islands—four Caribbean, one Mexican—that lay ahead.

Our first task was to familiarise ourselves with the ship. She was, after all, to be our home for the next 10 days. Three swimming pools, one indoors, were obvious landmarks, followed by the four bars, each with its own distinctive personality from the genteel to the faintly raunchy.

The Lido offered *al fresco* poolside breakfasts or buffet lunches. More formal meals were served in the elegant Tasman Restaurant with its discreet but omnipresent service. Snacks were available until 12.30 am. The gymnasium and sauna were visited between mouthfuls by passengers attempting to minimise the inevitable weight gain.

The first impression of the 28,000 ton Sea Princess was of a vast floating hotel designed to convey us gently from island to island. As we came to know her better, distinguishing at last between forward, aft and stern staircases, it became clear that she was not so much a hotel, more an island in her own right, complete with daily newspaper, radio station, shops, a library, warehouses of stores, a hospital, a padded cell and a morgue—the last two, we were assured, rarely used.

The inhabitants of this floating island number 1,100 at peak times, 700 of whom are passengers. Their homogeneity was best gauged by tuning into the radio station: in the space of 15 minutes you could hear Barry Manilow, Vivaldi, Country and Western, a Scottish pipe band and Sade.

The entertainment would also have baffled a market researcher: ballroom dancing classes, variety shows, roulette, films, quizzes, bridge, limbo dancing contests and It's A Knockout-style pool games. There were exquisite piano recitals by Vincent Billington, and George Harland's ingenious one-man shows based on the work of Dickens.

But even the anchorite, marooned on this teeming island for 10 days and tempted to agree with Sartre that "Hell is other people," would be consoled by a walk along the deserted deck, under the night sky, hearing only the sound of the bow parting the black waters of the Caribbean Sea.

Our first port, the Mexican island of Cozumel, promised little. Many passengers had opted instead for an excursion to the mainland to see the Mayan temples at Xelha and Tulum. High seas, only just perceptible on board, prevented the launch pulling ashore to take us on our tour, and we had to disembark at Cozumel like everyone else.

After an hour on the perfect little beach of San Francisco, studded with white shells like scrolls of parchment, we stopped complaining. After lunch—marinated conch, fried octopus and an airy local wine—we were exultant. Couples danced to a rumbustious brass band under a palm leaf awning while a local man attempted to teach his giggling, fully dressed mother-in-law, to swim. As we returned to the dock with varying degrees of sunburn there were murmurs about abandoning ship.

Jamaica, two leisurely days later, promised more. Dunn's River Falls—600 feet of water cascading down rock terraces to the sea—was spectacular; the ultimate menthol cigarette advert. It was in Shaw Park Gardens, Eden rendered by fauvists, overlooking the sweep of Ocho Rios Bay, that smoking material of another kind was first mentioned. This drug dealer was surprisingly unprepossessing, courteously taking "no" for an answer. Others were more persistent, convinced that refusal was merely part of the negotiating process.

Plans to visit Firefly and Goldeneye, the homes of Noel Coward and Ian Fleming respectively, had to be scuppered. There were no guarantees that the taxi would return to the ship in time for sailing that evening. Besides, it was proving difficult to negotiate a less-than-astronomical fare for the round trip.

It was another two days before we set foot ashore again: two days of swimming, sunning, pampering, variety shows and the odd ballroom dancing class. Our next port was Saint Martin, or Sint Marten — depending on which side of the island you stood. This rugged Leeward Island has been amicably divided between the French and the Dutch since 1648. More easy-going than Jamaica, it was less attractive; its main thoroughfares turned into toy town shopping havens for American tourists. There was even a Marks and Spencer outlet.

The Dutch port of Philipsburg, beneath its shoppers' paradise exterior, is full of pretty, pastel-coloured colonial architecture. The French side offers, along with Parisian-style boutiques, the best food; especially at the charming village of Grand Case. There is also a golf course and a vast "nude beach" which, from a distance, resembled a gargantuan tandoori buffet.

An editorial in the January 25, 1926 edition of the St Thomas Mail — the local paper of our next port — urged: "Be not laggards St Thomians. Prepare to receive the visitors for by so doing, you will create a permanent industry which will mean a better St Thomas."

Never in the history of newspapers does a leader writer's suggestion appear to have been taken more seriously. The island's bustling mercantile life makes St Martin look like a commercial wilderness by comparison. Gucci, Benetton, pizza parlours and innumerable jewellery stores jostle for attention in the port of Charlotte Amalie, once the third largest capital in the Danish empire.

The duty free shops and hamburger joints have been grafted onto the pleasing clapboard and wrought iron architecture of Main Street. It was in one of these buildings that Camille Pissarro, a founding father of French Impressionism, was born. Bleached shutters, balconies and peeling facades ring an internal courtyard shaded by a magnificent palm tree.

Only one street away — in Back Street — behind the stately pink and cream library, lies the real St Thomas. Instead of pizzas and hamburgers you can try beans and rice with spiced saltfish, plantain and green bananas at Patricia's, complete with friendly service and reggae from the local radio station — all for under $5.

St Thomas had its share of beautiful beaches, but instead we took a launch to the neighbouring island of St John, everyone's idea of an unspoiled Caribbean paradise. Donated to the US by the Rockefeller family, two-thirds of the island are now national park. Most of it is covered by Rousseauesque vegetation; the rest, as far as we could see from our open-top surrey bus, appears to be shimmering white beach.

The landfall of Nassau in the Bahamas, our last Caribbean port, was the most graceful we had seen. The buildings — crenellated colonial — were in Italian ice cream colours; strawberries, pistachios, vanillas and marron glacés.

Shoppers headed for Bay Street and the Straw Market, others opted for the resplendent Ardastra Gardens, where they found themselves corralled with 200 other tourists watching a display by marching flamingos accompanied by a commentary of the deepest banality.

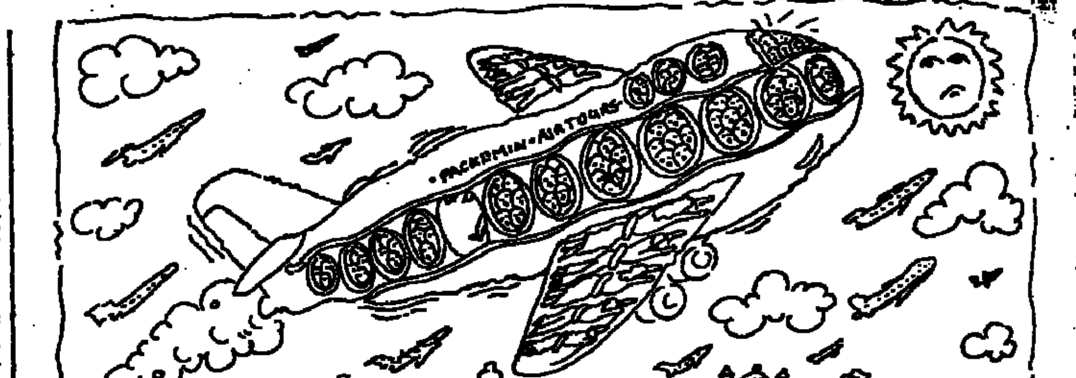
There was nothing for it but to reach for the camera.

There was a distinctly emotional, even hysterical edge to our last night on board. We were in danger of turning into a floating encounter group. There were private cabin parties ("nour outs"), official farewells, a dinner of dinners, a recital of recitals and a variety show of variety shows. Were we glad to see the back of our ship, or were we disintegrating at the thought of returning to humdrum life on dry land?

The answer came as we disembarked at Port Everglades and looked back at the sleek silhouette of the Sea Princess looming over the dock. She had subtly, unobtrusively sneaked up on us: we were actually sorry to see her go.

●

*P & O's winter sun cruises in the Caribbean operate from December to April and offer several itineraries. Prices on the Sea Princess range from £1,340 to £2,390 per adult for 12 nights. This includes return fare to Miami, accommodation in Florida, and all meals on board.



'On spec' to the sun

THERE IS a view, carefully fostered by the travel trade, that unless you book your summer holiday in January it will be far too late by June for more than a day out at Southend. It is a view not borne out by the figures—2.5m package holidays are still available for the July and August peak, many at a discount.

Following up the offers can be time-consuming, and disappointing—since flight prices quoted are often not available, just teasers to get you to the phone. It is worth finding a specialist agent with charter experience spread over several years.

Three, one each for France, Italy, and Spain, are outstanding both on price and reliability, provided that in the high season you are prepared to vary your destination and travel at unsocial hours on days other than the weekend. They all arrange car hire at concessionary rates, take on scheduled as well as charter flights, and have an ABTA arm which can provide accommodation packages.

Be warned though. If you are booking now for August, availability is severely limited on charter flights since the specialist agencies are adept at filling them to the last seat.

At Pilgrim Air, the leading Italian flight specialists, for instance, their peak Friday and Saturday Naples flights are close to full, but they have 35 seats left on their early August Venice run. What limits their capacity in high summer is the current European shortage of charter aircraft.

Other Pilgrim flights operate to Milan, Genoa, Pisa, Verona, Rome, Palermo, and other Italian destinations year-round on a regular basis—rather like an airline, but using "proper" airline craft and staff drawn from seven different carriers flying mainly Boeing 737s.

Linked to Italy By Car, Pilgrim offer hire rates for a week ranging from £140 for a group A Panda to £280 for a group E Lancia Prisma, but you might be able to better this by pre-booking your car at one of their rivals, say the Maggiore London office. Either way, pre-booking is much cheaper than waiting till you get to your destination.

Armed with your Italian red Michelin, Gault Millau food guide, and green Touring Club Italiano maps, you should find little trouble getting accommodation, provided you stay clear of the more obvious tourist traps. As with all unplanned holidays, if in doubt head inland.

Pilgrim also operates consolidated fares for scheduled Alitalia, BA, and British Caledonian flights, as well as for Thomson's "mystery" Falcon flights where you are not told where you are going until the last moment—just to add that extra spice and chaos to the holiday.

For Spain, the leading specialist is Iberotravel, again offering chartered and scheduled flights to most Spanish destinations. For example, they can currently provide cheap charters to Madrid, Barcelona, and Malaga for early August.

Madrid costs £130, Barcelona £135 and Malaga £155 return, with a £10 reduction for children, but the travel times are such that you may well reach your destination late at night, and may have fly on a Thursday rather than at the weekend.

Car hire in Spain is not as cheap as it looks. Iberotravel quote £93 a week for a group A car from Eurocar in August, but there is a snag—the swingeing 33 per cent VAT and £4 a day collision damage waiver which puts the hire cost up to £130.

The position in France is not as clear as in our other two examples, perhaps because most Brits choose to drive rather than fly there. But there is one agency, Hartland, which offers bargain flights to less obvious French destinations, such as Toulouse and Nice.

A guide price for the first is £142, and for Nice, where there are still some early August seats available, £129, with no reductions for children. As Hartland explains, concessions for children are very much a matter of balance. Slightly higher fares for the adults mean concessions, lower flat fares do not.

The Hartland charter fare to Nice gives a direct saving of £50 per seat, £200 for a family of four, over the scheduled return, a figure similar to the savings available from the other specialist agents. They do not just deal with France, but they are the leaders in this field.

They too can pre-book your car—£133 for group A, and also run holidays with accommodation.

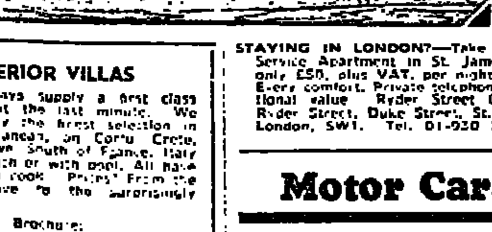
As to that car, even late travellers must carry the relevant documentation with them. For Italy that means an Italian translation of your driving licence, and in Spain an international driving licence.

In practice, though, you should be more concerned with the Continental habit of fining motoring offenders on the spot, in some cases up to £200. Motoring organisations can advise on regulations.

Hands up, though, all those who knew that French speed limits are 10 kph lower when it is raining, or that the permissible Italian blood alcohol level is zero.

ADDRESSES: Pilgrim-Air, 44 Goodge St, London W1P 1FH. Tel: 01-637 5333. Also in Manchester, Bristol and Kilmarnock. Iberotravel, 1st Floor, Palladium House, 1-4 Argyll St, London W1V 1AD. Tel: 01-437 6998. Hartland, 7 Woodhouse Rd, London, N12. Tel: 01-446 9401. Maggiore Car Hire, Quo Vadis Travel, 243 Euston Rd, London, NW1. Tel: 01-388 7588.

Roger Beard



Legal Notices

No. 003200 of 1986
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
COMMON BROTHERS plc
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 28th April 1986 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of £11,208,921 and the reduction of the capital of the above-named Company from £3,725,000 to £780,100.

AND NOTICE IS FURTHER GIVEN that the Petition is directed to be heard before the Honourable Mr Justice Hoffmann at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 16th day of June 1986.

ANY Creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of Share Premium Account and reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 23rd day of May 1986.
CLIFFORD-TURNER,
Blackfriars House,
19 New Bridge Street,
London EC4V 6BY.
(Ref: RWC.)
Solicitors for the above Company

Learning BMW's ABC

For the shortest braking distance at moderate speeds, the wheels should all be locked simultaneously. This BMW 325i slides to a halt in a cloud of smoke

HOW many people whose company status or personal bank balance allows them to have a BMW really know how to exploit its potential performance in safety? If the experience of former rally ace Rauno Aaltonen is anything to go by, the answer has to be: a minority of them.

For the past 10 years, he has run BMW's car control course in Germany. About 5,000 BMW owners, ranging from an 18-year-old who must have had indulgent parents, to a 74-year-old architect, have been through his hands.

The course has its roots in the period after the first oil crisis of 1973. When a BMW foresaw criticism from conservationists for making "weapons of the road," good sense demanded a public relations effort. The idea was to show that BMW owners were not headlamp-flashing tearaways but "knights of the road." The car control course was the result.

Aaltonen says: "My brief from BMW was to take all I needed from motor sport and to make students safer, not faster, but to have some fun, too. We try to show the limits of the car and the man."

Last week, Aaltonen put a small though mixed bag of motoring writers through their paces. The first thing, he pointed out, was to get the driving position right. "No one sits properly in a car unless they are shown how. You must get your body firmly into the seat and your shoulders against the backrest.

Aaltonen's next rule raises eyebrows among those of us who, like me, have been brought up to obey the rules laid down for police drivers in Britain and members of the Institute of Advanced Motorists.

"Do not shuffle the wheel between your hands. It is slow and you do not know how far you have moved the front wheels. If the car has a T-bar steering wheel (like BMWs), hang your thumbs lightly on the horizontal spoke. Turn the wheel until your hand gets near the knees, then move your hand back up the wheel again."

He lays down three more rules that will displease the performance pundits.

● In an emergency on a slippery surface, do not change down a gear if you are entering a corner—it is a distraction and the extra drag on the driving wheels could make them lose grip. It is better to declutch instead.

● For straight line stopping from moderate speeds, forget the technique of alternately pressing and releasing the pedal to prevent the wheels from locking. Just brake as hard as you possibly can.

● *If you start skidding in a corner,* ignore all you might have heard about powering your way out of trouble. Again, declutch. That will get all the wheels rolling freely so you can start effective counter-steering.

Aaltonen approves of ABS (anti-locking) brakes but not all cars have them. In fact, very few do. "In that case, brake as fast and as hard as you can. Brake as if you mean to snap-off the pedal — and always declutch first," he says.

It is easier than it sounds. Three times on a wet surface I slid into a line of cones because I had not braked hard enough to lock all four wheels together at about 30 mph. On the fourth attempt I overcame an instinctive reluctance to brutalise the BMW's brakes and tyres. It worked; the car stopped short of the cones.

From high speeds, some gentle dabbing at the pedal of a non-ABS-equipped car is permitted. But as soon as speed has dropped to about 45 mph on dry tarmac, 30 mph on wet tarmac, 15 mph on packed snow or 3 mph on ice, the quickest stop comes from locking all four wheels.

The other basic truth demonstrated on the course is that an excess of power, or too much lock, makes a car uncontrollable. On a watered 100-ft circle, a BMW 325i ran as though on tracks at 20 mph in second gear with less than a full turn on the steering wheel. Suddenly, putting on a great armful of lock made the front tyres slide sideways and all their cornering force was lost. Booting the accelerator pedal caused rear wheelspin and and instant oversteer, with the tail of the car flying out.

"If you try to correct the car with power on, you will get a beautiful panoramic view of the countryside," said Altonen. He was right; the spin that resulted was 360 degrees, at least. Only by declutching, applying a lot of counter-steering as fast as possible, and then paying some off before the car started to fishtail, could it be brought back under control.

The fun part of the course included the art of making handbrake turns on a wet surface. The trick is to declutch, flick the steering right, then left, and simultaneously haul on the handbrake as hard as you can. The car pirouettes through 180 degrees and comes to a halt, engine idling. "But do not even think of trying this on the road," Aaltonen warned. "You might believe it will stop you from hitting a tree head-on. But whose side would you prefer to hit—yours or your passenger?"

Having sat at the feet of the master who had demonstrated how easy it was to spin a BMW 325i on a dry surface at 50 mph and then proceed as though nothing had happened, I was suitably humbled.

I made sure my arms were bent and my shoulders were pressed into the seat back as I drove home from Heathrow. Yes, it is more comfortable, but I think I will continue to shuffle the wheel.

The BMW course, which is booked-up three years ahead, is available only in Germany, where it costs about £300 including hotel accommodation. The German police approve of the Aaltonen techniques and a modified form is used as a basis of their driver training. But what of the great mass of motorists who lack the skills of keen and well-instructed drivers? In what kind of car would they be safest, especially in low-grip conditions?

Aaltonen smiled. "The ideal kind of car would have a very long wheelbase, because that by itself makes it insensitive to steering movements. It would have front wheel drive, not more than 40 brake horsepower, and automatic transmission.

"Its' reaction time would be so long that, if it hit an icy patch, the driver would have time to ask his wife what to do next."

Stuart Marshall

BRIDGE

E. P. C. Cotter

TODAY I offer you two interesting deals from rubber bridge. The first was dealt by South with North-South vulnerable:

N
♠ 6 4
♡ 7 6 3
◇ Q 10 9 8 4
♣ 5 4 3

W
♠ J 10 9 8
♡ J 9 8 2
◇ A 5 3
♣ Q 8

E
♠ 7 5 3 2
♡ Q 10 4
◇ 7 6
♣ K 10 9 6

S
♠ A K Q
♡ A K 5
◇ K J 2
♣ A J 7 2

South opened the bidding with two clubs, North replied with a negative two diamonds, and South jumped to three no trumps, a rebid which announces 25+ points, and all passed. Before you read further, decide how you would play the hand, after West leads the spade knave.

In actual play the declarer, after winning the spade in hand, cashed the diamond king, and followed with the knave, which he overtook with dummy's queen, then through West in with a third diamond. The spade return was won in hand, and South played ace and two of clubs, hoping that the suit would break evenly. East, however, had four clubs to the King, and South finished up one trick short of contract.

South's play of the diamonds was premature. Let us replay the hand together.

At trick two we lead the club two. West wins with the eight, and leads another spade to the king. South cashes his ace of clubs, dropping West's queen, and now is the time to play on diamonds. The king is cashed and the knave is overtaken by the queen, as before, but with the lead in dummy South can return a club. If East has the king, his knave will be established; if West has it, the suit has broken 3—3.

Timing in bridge is as important as in golf or cricket —did you see that clubs must be attacked first?

The second hand was dealt by South with East-West vulnerable:

N
♠ K 7 4
♡ 10 5 3
◇ Q 8 5
♣ A 8 6 4

W
♠ 10 9
♡ 7 4
◇ A K 10 9 2
♣ 10 9 7 2

E
♠ Q 8 6 5 3 2
♡ 8 2
◇ J 7 6 3
♣ J

S
♠ A J
♡ A K Q J 9 6
◇ 4
♣ K Q 5 3

South bid two hearts, and North replied with three hearts. This single raise shows normal trump support, and guarantees at least one ace. The opener rebid three spades, and North said four clubs.

South now bid four diamonds, North cue-bid four spades to show the king, and South bid six hearts.

West led the diamond king—the king, not the ace, is correct against a slam—then switched to the four of hearts. The declarer drew trumps in two rounds, cashed the club king, East dropping the knave, and crossed to dummy's ace, on which East discarded a spade.

The declarer has a club loser — how is he going to salvage his contract? By finessing the knave of spades? As the cards lie, the finesse wins, and the declarer can cash the ace, and throw his losing club on dummy's king. But that would be very bad play. No 50 per cent chance is needed, for the contract is cold — the squeeze against West is marked. South cashes his four remaining trumps, cashes the ace of spades and crosses to the king. This forces West either to throw his diamond ace or unguard

هكذا من الاصل

• WEEKEND FT REPORT •

All the fun of the Grosvenor House Antiques Fair

The unknown quantity at this year's Fair is the strength of the US buyer. Nevertheless, it will be a glittering occasion with the accent on selectivity

Buyers go for quality

THE AMERICANS are coming. Or are they? Few of the 85 dealers with their treasures on display at the Grosvenor House Antiques Fair (which opens on June 11 for eleven days) will deny that the success of the venture depends greatly on the buying capacity of the American market; dealers, collectors, interior decorators and the British middle men who service the demand.

The American dealers must come to Grosvenor House, but will some of the big private buyers be missing? And to what extent are the fears of terrorism in Europe a smoke-screen for more profound factors—a fall off in demand because of the depreciation of the dollar and, below that, a general weakness in the international antiques business?

Undoubtedly the market is not as strong as it was two years ago when with sterling almost at parity with the dollar London was flooded by Americans buying cheaply. Now it is the Japanese, with their powerful yen, who are fuelling price rises, especially in New York. Unfortunately they are selective collectors, keen on impressionist and modern pictures and some Chinese works of art but hardly the mainstay of the continental and British furniture sectors.

What has upset the British antiques trade is that not too much of the money being made in property and the Stock Exchange is finding its way into works of art. Instead, the money goes back into those high performing speculative areas, although young City types have appeared at Sotheby's modern picture auctions.

The general view is that business has been quiet since Christmas. Once the buyers are less conspicuous the dealers, sitting on expensive stock, also withdraw from the action. This was apparent at the Olympia Fine Art and Antiques Fair where the amount of inter-dealer trading was well down on previous years.

Of course top quality items can still find homes at high prices. It is the middle range goods that hang fire, and the lesser quality is actually falling in price.

Not that this will be apparent at Grosvenor House where the organisers, with the help of lighting consultants, florists, set designers and a £100,000 plus budget will be sure to mount a glittering show. Colnaghi and Bluett, among the big names, are back and Maggs Bros is showing for the first time.

Spink has the most expensive item (at the moment)—a Queen Anne Britannia silver wine cistern and matching fountain made by William Lukin and valued at £550,000 while Apter Fredericks has one of the oddest—the George II mahogany chair in which the British Prime Minister Spencer Perceval died after being shot in 1812.

To some traditionalists, Grosvenor House may not be as grand as it was 20 years ago and the very profusion of fairs often finds dealers hauling the same goods up and down the country. But this is a special occasion and it makes June in London the pre-eminent spot in *the fine art calendar.*

There are also the specialist fairs to bring in the enthusiasts, like the ceramics at the Dorchester Hotel and the Antiquarian Books in the Park Lane Hotel, and the salerooms join in by organising major sales to tempt buyers. It is now saleroom policy, partly forced on them by the decline in the number of lots on offer, to organise fewer but larger auctions in certain areas.

The salerooms, which have been responsible for creating the international art market of the last two decades, agree that things could be better. Their key word is "selective." Any items of top quality, in good condition, and fresh on the market, will find a buyer at a good price. But anything which is a bit suspect, which has been seen around, and which needs money spent on it will hang fire.

Many markets (like musical instruments) are built around a few dealers: if they are not buying sales can be terrible flops. Others have had an excellent run for their money in recent months, like modern British pictures, and now seem to be losing steam. There are still some, such as silver, where prices are cheap; and some, such as English furniture, are suffering from the undoubted decline in American buying. All in all, the salerooms these days are more unpredictable.

But so far they have been able to keep at bay the criticism made of some of their practices—at least in the UK. In New York, where saleroom turnover now exceeds that of London, the local authorities are press*ing forward with reforms which* could force the auction houses to disclose whether they actually own the items they are selling, and what the reserve prices are. In London, to date, the salerooms have sailed on regardless.

To a great extent the salerooms and the dealers are driven together by their mutual needs. Dealers are the biggest buyers and sellers at auction, and the auction houses are assuming some of the characteristics of dealers—they advance cash to prospective buyers; they arrange private sales after the auction if an item fails to go; they will buy properties on occasion.

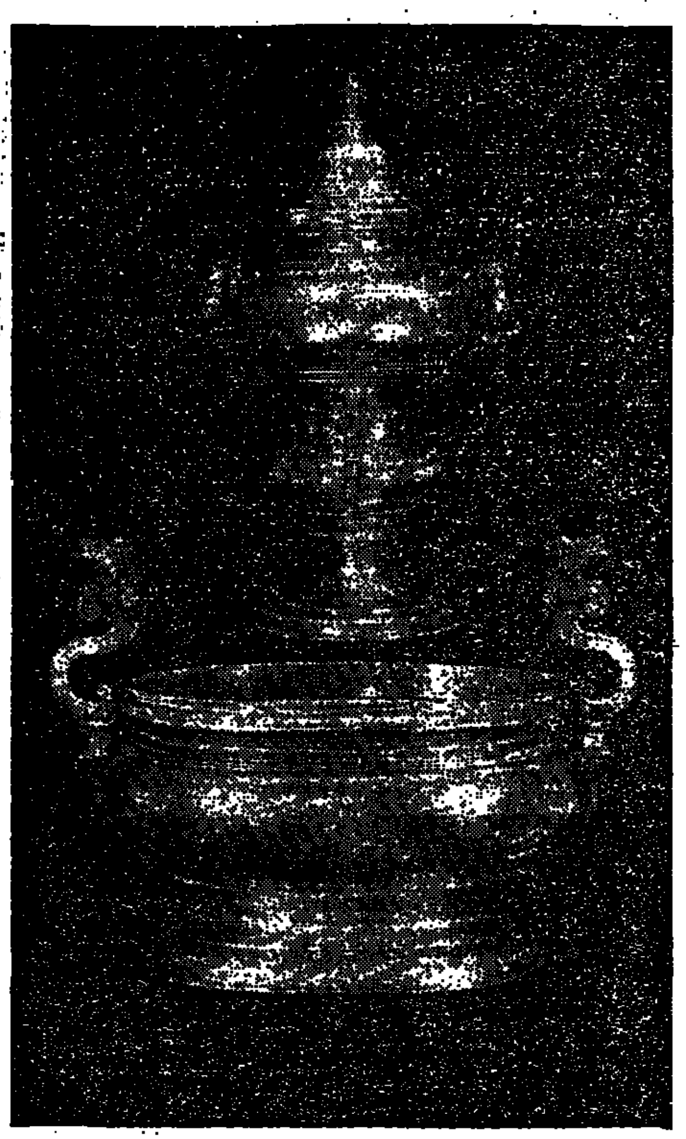
Dealers may grumble at the dominance of the salerooms but their success in promoting art as an investment, although it has made the market more fickle, has enriched many dealers as a look at their profitability will confirm.

The extraordinary success of television programmes like the Antiques Road Show, with its *13m viewers, has brought the* link between art and money into every home in the country. People now expect antiques to be expensive, especially those that they wish to sell. But, historically, in certain sectors, this is an excellent time to buy.

Few can afford the quality items on display at Grosvenor House but this is just the cream of a rich and varied pie. The real strength of the business perhaps lies among the provincial dealers who service their local community, and often come across the choice pieces which will eventually come to London on the way to the US.

The market rises and falls together. At the moment the bottom end is nervous, while the top concentrates on the very best, and hopes that demand for the middle-rank will soon improve. Much depends on trade at Grosvenor House and, more than anything, *that depends on confidence.*

Antony Thorncroft



A Queen Anne Britannia silver wine cistern and fountain by William Lukin, London 1707 being exhibited by Spink & Son. It is valued at £550,000

Role of the dealer

A man for all reasons

THAT London enjoys the status of antiques capital of the world is due partly to its relatively free market (benefiting from export controls less stringent than in many European countries) but primarily to the knowledge and skills the city has to offer—in its museums, salerooms and by its dealers.

Grosvenor House is its sumptuous annual showcase organised by the British Antique Dealers' Association (BADA) who represent some 420 select members. For 12 days the spotlight is off the saleroom and on the dealer, who now faces the dual challenge of soaring prices and relentless competition from the auction houses.

The role of the dealer has been transformed since 1934 when the Fair was inaugurated. Ideally a scholar with a good eye and a sound knowledge of the market he is a Virgil figure offering impartial advice while leading his Dante through realms arguably as perilous; refining, up-grading or even changing a collection.

He will advise and act for those contemplating buying at auction, and for a client wishing to sell this paradigm of dealers (they do exist) may buy for stock, arrange a private treaty sale, sell on consignment, or indeed put the object into the auction that should best receive it.

His services are more comprehensive than a auctioneer's, and protection is greater. Authenticity is in effect guaranteed, and there is always recourse to a body such as BADA, if the dealer is a member. While there is no limit to the figure an object might make at auction, there is also no guarantee against it being bought in and its chances of future sale jeopardised. But there are no bargains to be found in dealers' basements.

In the UK the understanding between dealer and collector has often proved—and can still be—exceptionally fruitful. That which enabled Noel Terry, say, to refine his collection of fine English furniture with the guidance and long friendship of the Kerns at Hotspur is, however, to be feared a phenomenon of the past.

It has nothing to do with standards of scholarship, which are probably higher, but with the dramatic change in the economics of dealing.

The proportion of collectors of the calibre of Noel Terry has shrunk against the battalions of investors in art. With the advent of the £7m painting, the £1m Old Master drawing and the £1m tea-table, dealing has become high finance—and high-risk.

Time is not money. The dealer must of necessity play banker, a role essential to the institutional client who must submit new acquisitions for the approval of trustees, or to a client whose resources are—inevitably—tied up.

One suspects that there is less time for study and discovery, or for real appreciation of the commodities dealt in.

"Business has polarised," observes Nicolas Norton of the jewellery and silver dealers S. J. Phillips and a vice-chairman of BADA. "Unfortunately there are fewer people taking the larger share of the market. It's jungle warfare: the survival of the fittest—or rather, the richest."

Unlike the saleroom, the dealer has no guarantee of an immediate, or even eventual, turn round of stock. Indeed a healthier return is provided the longer a piece is held. Today's capital-intensive dealing has produced financial backers, and caused complicated multiple shares in ownership to form amoeba-like from any one costly transaction.

It will probably end in one-dealer markets. High prices have already meant a shortage on the market of top-quality pieces, which are easiest to sell and known to make the best investments.

Auction houses, too, continue to undermine the dealer's strength. The 10 per cent buyer's premium introduced in 1975 outraged the trade and *resulted in an unsuccessful law* suit. Sotheby's Conduit Street sales which display furniture, pictures and objects in room settings, on view in the evenings and at weekends, represents the latest onslaught.

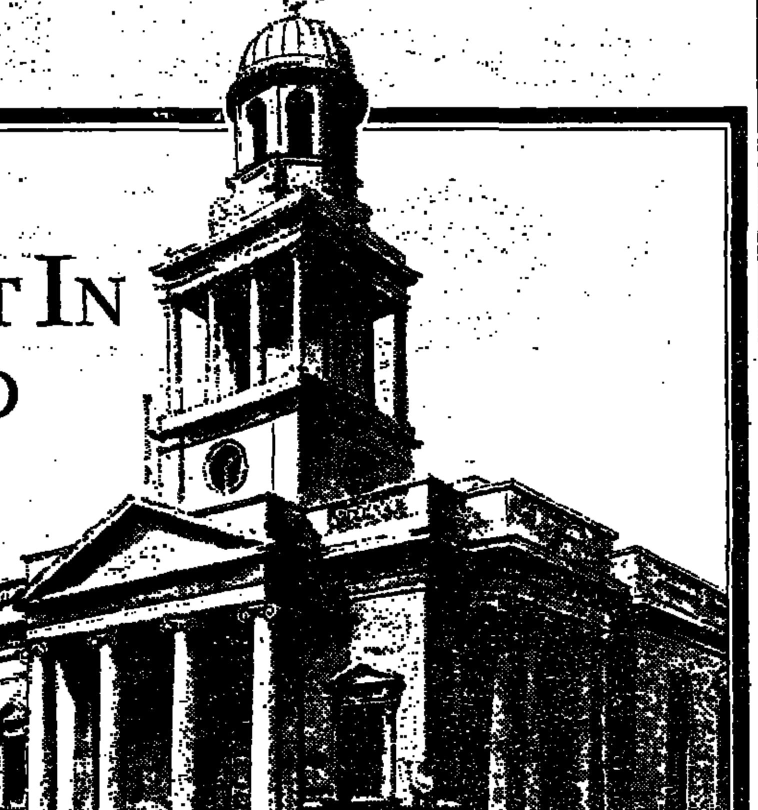
The salerooms' publicity is impressive. There are glossy catalogues, the like of which are not viable for dealers to produce; almost daily press coverage, television Roadshows, and sponsored concerts and exhibitions for charity.

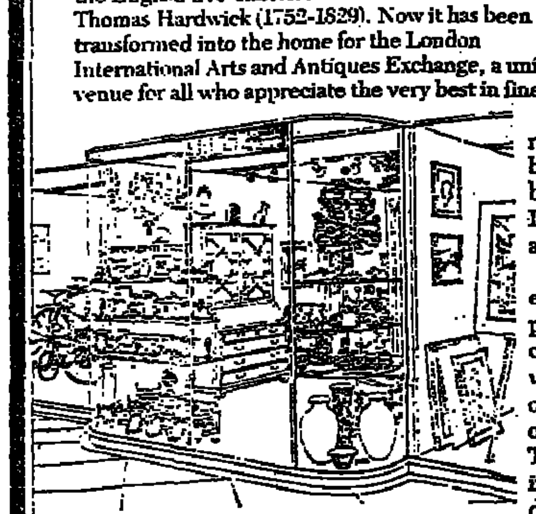
Anyone who has experienced the frenetic excitement—and raging adrenalin—of bidding at auction will know how compelling this ritual showmanship is even if one regularly exceeds a self-imposed limit. Buying from a dealer can never have the same glamour.

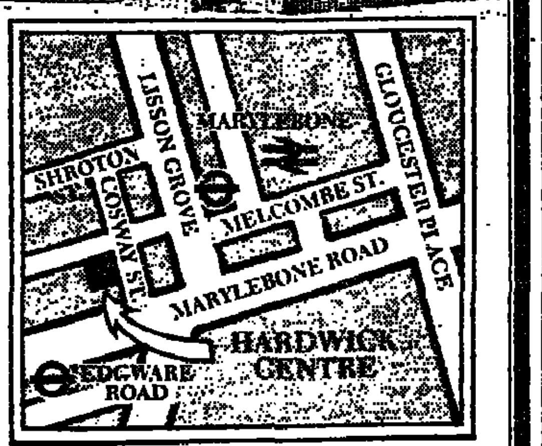
One experienced on both sides of the hammer is Christopher Wood, with Christie's for 13 years and now a dealer in Victorian paintings. "Dealers don't do enough, or spend enough, to promote their influence," he says. "There is no reason why we don't sponsor events too. The trouble is that dealers are all such tremendous individualists."

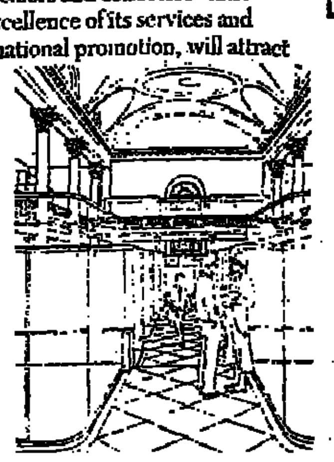
Even so, the aim of BADA at Grosvenor House is to promote those individualists who choose to exhibit, and the antiques trade at large. This year dealers will probably receive their perennial bad press as villians of the piece. The profits on items sold are no doubt handsome. But the general consensus among them is that seasoned foreign visitors, at least, are not deterred.

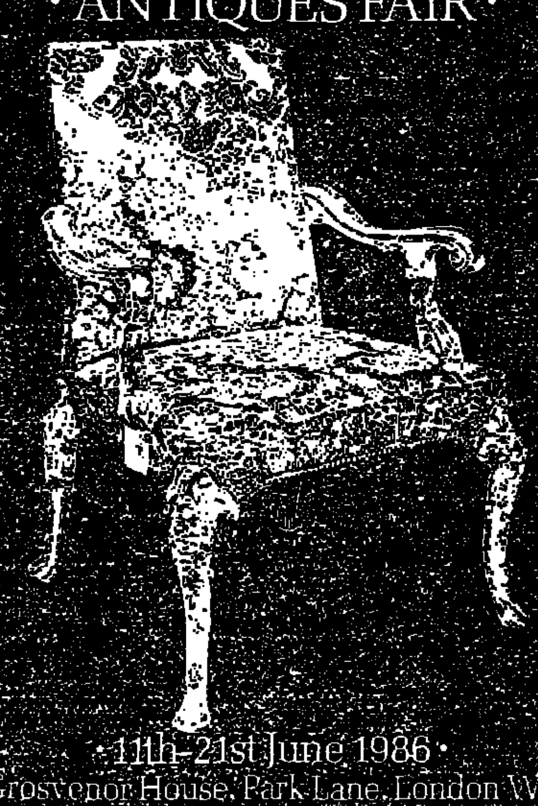
Susan Moore











Brazilian dobrao, 1726 (left) and Victoria £5 piece

Filth and lucre

MONEY is filth, said medieval moralists, and artists were happy to oblige with illustrations of the filthy rich excreting coins in hell. But for all that Freud too made the connection, the exhibition at the British Museum, **Money: From Cowrie Shells to Credit Cards**, while covering many interesting aspects of money throughout history, keeps of the scatological side.

Money is a fascinating subject but not one strong in visual appeal.

This is not to deny that some of the coins on view are attractive to the non-numismatist; coin-portraiture as practised by Seleucid and in the Renaissance is always a pleasure to look at. Charles I's gold coins struck during the Civil War are a magnificent propaganda exercise, bearing the equestrian king with trailing ringlets and drawn sword, and on the reverse the Latin legend, "Let God arise, let his enemies be scattered." Equally splendid is the gold £5 pattern piece, made in 1839 but never issued for circulation, which shows a winsome Queen Victoria taking the British lion for a stroll.

There is plenty of solid information: I never knew that the dollar is a corruption of thaler, itself an abreviation of Joachimsthaler, a coin stuck in 16th century Bohemia. Nor did I know that the first piggy-bank known comes from 15th century Nuremburg—but why a pig?

As the exhibition points out, money and coinage are not one and the same thing, and livestock is only a commodity which has been used as money. Others on view include Ethiopian salt money, iron currency-hoes from the Sudan and the widely-used cowry shell.

Nor are the supernatural attributes of coins overlooked. They were placed in the mouths of corpses, used as talismans in the field of battle, made into exorcism swords to frighten demons from the sick-bed, and given to the gods.

Coins can also bear a savage and mocking message, like those produced in the Franco-Prussian war which show Napoleon III, wearing a Prussian officer's helmet and stamped with the name of that dreadful defeat, Sedan.

Coins as love tokens are something which astute souvenir merchants could revive. The 18th century Spanish dollars, inscribed "When this you see, pray think of me," were given by convicts about to be transported, to their sweethearts.

Patricia Morison

Time travel to the past

Gerald Cadogan visits York's Jorvik Viking Centre

THE VIKINGS in York are literally sensational. At the Jorvik Viking Centre, Coppergate, you hear them, smell them and see them lifesize from an electric time car. In just over two years 1.8m visitors have come to be instructed and entertained in a unique way. It is a successful and imaginative enterprise by the York Archaeological Trust. Profits pay off the loan arranged by N. M. Rothschild and pay for the professionals to recover the history and archaeology of the city.

The visit is great fun. The Centre is found in a shopping development with C & A, Fenwicks, Body Shop and M and S as neighbours. The Vikings must boost their sales. You pay your money at a cinema-type booth and proceed towards the Time Journey.

Blinking lights and heroic noise lead you to a cavern of history, past posters which give useful background information, and on to the time cars.

These are like electric golf carts with an electronic mind of their own. They have two benches. Speakers concealed in bars behind the riders' heads give a commentary in English (by Magnus Magnusson), French and German, and the front row can be different from the back—useful if taking foreign visitors.

You get in and start backwards through time, a ghost train to the past that gives some idea of what Alice felt as she fell down the rabit hole. You retreat from modern times to the Depression, the Great War and on, with the people of York of all the different periods around you, the 18th century, the Middle Ages and the 1069 fire of York, two years after the Norman capture of what would then have been mainly a Viking town. Talk and music comes and goes.

Then time stops. The car starts to explore Jorvik, the Roman Eburacum and Saxon Boforwic, the capital of the North which the Vikings captured in 866. They brought Scandivian settlers and culture and Old Norse and left masses of Scandivian names for the villages throughout Yorkshire—Norwegians in the upper dales, and Danes in the larger villages in the Wolds and lowlands. Even streets in York such as those ending in -gate derive from the Vikings.

Not till 954 did the English regain York for good and remove the ignominy of the Danelaw. The Vikings had controlled the country East of a line (Watling Street — the A5) from Chester to near London. The last Viking king of York was Erik Bloodaxe.

The time car progresses through reconstructed Jorvik The rescue excavation happened right there in Coppergate from 1976 to 1981, unearthing a rich trading centre with buildings preserved by the wet where the rivers Ouse and Foss meet. These have thatched roofs on walls of planks set horizontally, virtually log cabins, a single room accommodating all family as in a Caldecott drawing. There life. Farm animals run round are the town trades that were found on the spot: carpenters and coopers, cobblers and jewellers, and bone carvers. Someone is on a privy in a yard. Men unload the cargo of a boat from Norway. The place is full of noise of animals, babies and Old Norse.

This crawl through time shows that the Danelaw was another country. But no lingering. On to 1980 and the dig — a good display for those who have not seen digs in action.

History brought to life: a Viking villager

The most exciting part of the whole journey is here, the actual timber buildings, a moving evocation of the past. But it is time to get out. The trip is just 12½ minutes, yet it is so immediate that it has taken you quite away from the street above. It is a morvellous preparation for the display of finds because you can imagine the big things which the little bits were part of. The scraps are put in their setting.

You reach this display through a reconstructed finds shed and conservation laboratory, which makes the point of how many scientific (forensic) techniques are use to find the daily life of the past. I was impressed by how much they retrieved from the mud. Such expertise has meant coping with 4½ tonnes of animal bones which tell about the diet—Vikings liked beef—and domestic animals and pets or a small fragment of a small silver coin from Denmark. They seem to have missed nothing, which is a great compliment, as we archaeologists tend to look for what was missed whe nwe visit digs.

Another coin was a St Peter's ponny of 920-27, blending pagan and Christian. One side ahs the text: "St Peter's money," and the other the hammer and sword, symbols of the god Thor. Viking trade is shown by silk from the East, cowrie shells from the Red Sea, a coin of Samarkand and, nearer home, pots from Stamford and schist for whetstones from Norway.

Less exotic items include eel bones, moss used as lavatory paper, amber probably from the Baltic and jet from Whitby. Skates were made from horse bones and the Vikings sang to boxwood pan pipes, one of which has five (of its original eight) pipes preserved covering E to top A.

It is rare to see so much daily life so well preserved and presented and so many lessons so artfully and zestfully taught. And it is heartening to find such private enterprise combining fun, education and paying for the archaeologists who are one reason — the Vikings are the other — for the Centre being there at all. I enjoyed it enormously, and next time shall take the children.

Visitors are moved through steadily but without hurry. A quet day sees 800-900, and the maximum has been over 4,000. The cars are exciting themselves, and a restful way to see the past. They are governed by closed-loop sensors. A crysal oscillator devised by the technical manager Ted Zurek (at a cost of £1,200) has led to extra earnings of £350,000 by allowing more cars to travel at a steady pace without being seen or heard by those in front and behind. One car takes wheelchairs.

I am sure the Vikings would like their show if they time-travelled this way. It is a remarkable journey.

FOOD FOR THOUGHT

WHAT IS there to say about food that has not been said many times before? It is an ever interesting topic because everybody gets hungry several times a day and something has to be bought, prepared and eaten to deal with the need. Yet, write about it and we are all into a farcical round of mulbery vinegar and courgette flowers stuffed with shiitake mushrooms. Or, if you are that way inclined; a merry dance of dietary fibre, polyunsaturates and E-numbers.

Reading about food is as escapist as any other reading. So we unpeel a hamburger from the freezer and wash it down with baked beans, while reading about Michael Guerard's ways with a chimney-roast lobster. Or we accompany our carefully weighed fibre-rich, salt-low fat-free supper with a dip into Dickens for a cut off the joint with a bit of the fat on it.

It sometimes seems that the besetting sin of English thinking about food (rather than preparing it) is "bestism." It runs from the poor, half-starved prisoners of war endlessly discussing what will be the best meal to have when you get back to England, to the pursuit of the best olive oil which always ends up as the hand-made product of a saintly Tuscan farmer which you, sir, cannot buy because he only sells it to me.

You are what you eat — so in feeding ourselves, we are making ourselves. Not only our bodies, the usable residue of the tons of breakfast, dinner, lunch and tea we have put away over the years: but our personalities as well. We eat like the people we admire. Angela Lyne in Put Out More Flags thought that 'when people profess a love of France they mean a love of eating' but conversely some people seem to imagine, or hope, that by eating like a Frenchman, they will grow a bit more like Voltaire or Colette.

Quite apart from all that I am getting hungry again. I could deal with the problem with a quick cheese sandwich. Plastic-wrapped to prevent staling. We used to grumble because they curled up; now we grumble because they are plastic-wrapped to stop them curling up. But it is worth a little thought, if you want to enjoy your sandwich, to concentrate on its mouthwatering potential. Watercress perhaps. But watercress sandwiches are so good in themselves, the cheese could almost be elbowed aside. Onion? Some people are stuffy about raw onion but onion sandwiches can also be very good on their own. Pickles? And what kind of cheese, always supposing you are not stuck with leftovers? Italians like pecorino with pears, so how would that work out between two slices of bread?

Peter Fort introduces his first column on life's consuming passion: food

There is a lot of food for thought in a cheese sandwich and not necessarily in pursuit of a platonic ideal. The ideal cheese sandwich probably involves a shaded varandah with a view of the Mediterranean, a tumbler of vin rose, salt on the skin and thou. Nevertheless try to make a good one for here and now.

Americans are very good at what one might call the confected sandwich, as thick and as moist as a Black Forest gateau, bulging and oozing with mayonnaise and bacon bits, with toothpicks to hold it together. Sometimes it even comes on a plate with gravy and two veg, like a Christmas dinner with two incongruous bits of bread above and below. Usually it is very good. But it does require an exceptionally well stocked refrigerator. And a salt-beef sandwich — which must be made while you wait at the deli counter and eaten right away, still steaming — hardly meets the time requirements of a sandwich at all.

However, neither the Americans nor the French (whose austere dry sandwiches have a different splendour) really spend much time on cheese sandwiches. Come to that does anybody ever buy cheese just in order to make a sandwich?

What makes it so agreeable to think about food is that it does make your mouth water. The pleasure of eating well can, if we play our cards right, come round every day. Just a little agreeable thought given to planning, shopping, cooking and working within your own limitations can considerably enhance the pleasure. But the enjoyment does not have to conflict with the other good things—health, friends, money—which are also involved. These are the topics to which this column will be addressed. It will not be a recipe column, nor a restaurant guide—both of these are better in the hands of experts. It will be more a little shared knowledge about the pleasure of food and how we may keep them coming with the refreshing frequency which...

Ornaments outdoors

Gardening

LUCK TOOK me to Harlow Car a couple of days before the opening of its exhibition of sculpture for the garden. Nowhere had told me that it was being staged. Harlow Car is the garden, just outside Harrogate, of the Northern Horticultural Society and is often called the Wisley of the North, a compliment it deserves both for its scale and the excellence and variety of its planting. Even on that damp and chilly April day in a spring of unparalleled lateness there was plenty of plant interest. But for the next two hours it was the sculpture that absorbed most of my attention.

Partly this was due to the high standard and variety of the work but I am also deeply intrigued by the place of sculpture in the garden and do not think that artists have contributed much to an understanding of that role. I do not blame them for this since it is natural that they should see a garden as a setting for their work and not the other way round, with sculpture as an embellishment for the garden. It is garden designers who should be telling us what sculpture and other hard ornaments can do for a garden and this they very seldom do.

The organisers of the Harlow Car exhibition make a great point of the care with which the sixty or so exhibits have been placed and so I looked at this with special interest but was not impressed. Few of the situations chosen seemed to me to be suitable for permanent siting and hardly any of them actually enhanced the garden.

One skinny figure was seated in the middle of a big plantation of Petasites japonica where, at the end of April, it looked intriguing among the squat pyramids of off-white flowers but by the end of May it would have disappeared completely beneath the canopy of immense umbrella leaves which this far eastern relative of the winter heliotrope produces. "Good job," said my daughter viewing with distaste my picture of this emaciated bronze.

Which raises a crucial point about the use of any ornament in the garden. How intrusive should it be? Most of the sculpture at Harlow Car would be very dominant wherever it was placed. The rather menacing black steel figure of a man wearing a low-crowned top hat and dressed in a long frock coat might be an acceptable joke for a few weeks but could never be ignored and would probably become intolerable in time. So would the woman turning a somersault, also by Bernard Tindall who uses welding as his technique. The same would be true of the bulging white torso by John Farnham who has been an assistant to Henry Moore since 1965.

It is clear that sculpture such as this must be permitted to be the centre of attention. Henry Moore's reclining woman at Dartington Hall is given that kind of situation on the brow of the valley overlooking the tilt yard where it does not have to compete with anything nor does anything else have to compete with it.

Going to the other extreme not long ago I visited a delightful two acre garden in a Somersetshire village that was full of lovely plants. The lady who had made it would rightly be described as a plantswoman and not only grew her plants well but also associated them with an easy assurance that spoke volumes for her knowledge. Yet all around the garden there were ornaments and I noticed that, whenever I came across one, I tended to stop and take a photograph.

The ornaments were of the simplest kind; quite undistinguished urns, tall columns of unworked stone, one with a pewter dish on top for use as a bird bath, an old stone trough filled with plants and so on. I tried to analyse this heightened interest, which certainly had nothing to do with the artistic merit of the objects, and came to the conclusion that it was simply the contrast between a hard, man-made surface and soft natural plants which arrested my eye and enabled me to compose a picture.

The Harlow Car exhibition remains open daily until September 30 and there is also Hannah Peschar's lovely open-air gallery in a water and woodland setting at Black and White Cottage, Standen Lane, Ockley, Surrey open until October 30 every Friday and Saturday from 11 am to 6 pm and on Sundays from 2 to 5 pm.

Arthur Hellyer

Crime and punishment

Robin Lane Fox metes out a portion of rough justice to the orchid squad

THIS weekend, I will be turning my orchids out of the house. I have owned them for only two months but they are being banished because the experts tell me they prefer rough treatment. As their flowers fade, I cannot help thinking that the treatment might have been mine, too. When I bought them, I was wanted by the police.

It arose, I still believe, quite innocently. I was in my favourite part of England, that square of magical grassland in Somerset, that runs from Castle Cary to Glastonbury, with my 11-year son.

Obedient to our Government's advice, we had got on our bikes. In fact, we had been on them for nearly a week, having parked my car at one end of the Mendips and set off in a great circle to see what was happening in the garden centres, snooker clubs, skittle alleys and bed and breakfasts.

I suppose I have to admit that the car is no longer at its peak; perhaps, too, we shook hands, perhaps even hugged, before biking away into the rainbow. Two days later, there was snow on the Mendips in the early morning and we were making good speed to an orchid farm while the police were considering a county-wide search.

There are some things you simply cannot do. Try leaving a half-timbered Mini Traveller in a Somerset village and people will refuse to believe this intruder from the 1980s has arrived there under its own steam. If it is registered 200 miles away, they assume it must have been stolen and dumped. If you are seen leaving with your son on a bicycle, the case is overwhelming. You are not a gardening columnist or a Somerset-lover; instead, you have stolen the car and abducted the boy.

While the police received complaints and sifted the evidence, we were already in the thick of an outstanding orchid collection. At St Dunstan's, Baltonsborough, Glastonbury. Mr Dumbleton is well known to orchid-fanciers for his prize exhibits at local and national shows. If you arrive from nowhere on a bicycle, you can pester such an expert with all the questions the catalogues never answer. So, among the best of his cymbidiums in the potting shed, he explained what we all do wrong.

If you want to grow good orchids, you should concentrate on cymbidiums and not treat them like hothouse rarities. They are mountain orchids at home in high altitudes and they need only a winter temperature that does not fall below 40° F.

Tough treatment for fragile Miltonia Rouge "California Plum"

Six years ago, in Washington, a keen amateur told me that he left his cymbidiums outdoors late in October so that the first frost would jolt them into flower. Mr Dumbleton would not go so far, but he does advise the minimum of central heating and bracing summers outdoors in light shade.

Cymbidiums must build up their strength after flowering, but they will run to leaf if they live too easily. He advises us to stand their pots outdoors late in May, resting on upturned pots so that they will drain freely and be safe from snails. They should be lightly shaded with some fine netting, and should face east or west away from the hottest sun.

As someone who has been disappointed so often, I wanted an answer to four questions. Why do cymbidiums tend to flower in some years, not others? Why do their leaves tend to turn yellow? Must we really cart them off to experts for re-potting and treatment of those spiky dead bulbs in the middle of the plant? Why do some varieties drop their young flower buds early in winter?

The answers are these. Cymbidiums must build up strength in the months after flowering: you must water them freely and give them a fortnightly feed with a liquid fertiliser. They should never be over-potted. If the roots are rather cramped, they will flower much more freely. If you neglect them in the next few months, their 1986-1987 season will be blank.

As for the leaves, they go yellow if they have too much sunlight. They should be shaded in spring by nettings on the glass of their gently-heated greenhouse. They need to be netted outdoors and they should not stand in a south-facing window inside your house. The leaves love to be sprayed with water; indoors, I have discovered that the ideal place for their pots is my wife's bath, so that I can use the hand-spray on them while she is not on the alert. If the leaves do turn brown at their tips, cut them back to a clean point on their length.

The need for expert re-potting is a total myth. Cymbidiums seldom need repotting, anyway, and anybody can handle their tough white roots. They need none of the special composts that exhibitors have made famous. For our purposes, chopped bark, Perlite, peat and leafmould are satisfactory. The compost should be open, quick-draining and rather coarse. Sphagnum moss is quite unnecessary.

Finally, some varieties are easier than others. Mr Dumbleton reassures us that the dropping of flower buds is not really our fault. The earlier-flowering varieties tend to misbehave in this way: he suggests we begin with the later-flowering varieties that do not set buds in the darkest hours of winter. St Dunstan's Nursery has houses full of superbly-grown varieties, many of which are their own crosses. It charges only £6 each for a plant ready to flower next season, the size at which we should buy them now.

The cardinal rule is to care for them after flowering, the time when flower-arrangers and decorators lose interest in their clumps of leaves. Do not throw away the brown bulbs in the centre of an old plant—they store food for the outer bulbs. Divide a plant, if you like, but do not discard the older pieces.

As a result, my orchids from Somerset will be coming out of the bath for the last time this weekend and going under an east-facing wall. Perhaps we bicycled too fast for the police cordon; then again, perhaps the officers really did believe the rest of the family when they were assured that we owned the car and used bikes for fun. Anyway, I am planning on a huge array of cymbidiums next spring, although St Dunstan's does not advise what to do if visited by the CID.

CHESS

THE MOST promising field for original chess analysis lies in openings and defences which experts consider unsound or inferior. Fashionable variations from Chess Informant or the latest Kasparov match are likely to be widely known, whereas an offbeat system exploits a gap in the opponent's knowledge and takes the psychological initiative.

In 1984, the Belyavsky-Seirawan game at London Docklands proved a decisive turning point in the Soviet Union's victory over a World team. The US No. 1, Seirawan, with the black pieces, chose his favourite variation of the Queen's Gambit accepted but quickly went down to a prepared system. It transpired later that the whole game up to where Belyavsky was clearly winning had been analysed a dozen years earlier.

Seirawan was dropped from the World team in the final two rounds and Russian commentators were quick to highlight the American grandmaster's failure as a major factor in the World's 19-21 defeat. It took Seirawan more than a year to recover form and organise a new defensive repertoire: meanwhile, his discarded QGA system became just a footnote in opening books and articles.

Recently, a Yugoslav GM analysed Seirawan's apparently bombed-out variation and discovered a simple point everybody had missed in 1984. Black's difficulties stemmed from the poor position of his queen and rook after castling, pinned and tactically vulnerable on the central files. This suggested a logical improvement: Black should postpone castling and use the extra tempo to exchange White's dangerous attacking pieces.

An early draw in 26 moves, probably all pre-analysed, is a moral victory for Black, so the revamped Seirawan variation passed its test in this week's game. Long delayed castling was also the outstanding tactical feature of world champion Kasparov's 5½-½ match win over Tony Miles.

White: G. Sosonko (Netherlands). Black: S. Marjanovic (Yugoslavia). Queen's Gambit Accepted (Regio Emilia 1985-86).

1 P-Q4,P-Q4; 2 N-KB3,N-KB3; 3 P-B4,PxP; 4N-B3,P-B4; 5 P-Q5,P-K3; 6 P-K4,PxP; 7 P-K5, KN-Q2.

The counter-attack 7 ... P-Q5 fails to 8 BxP! when if 8 ... PxN? 9 BxP ch or 8 ... N-B3; 9 PxN,PxN; 10 Q-K2 ch, or 8 ... KN-Q2; 9Q-N3.

8 B-N5,B-K2; 9 BxB,QxB; 10 NxP,O-O1; 11 BxP,N-QB3; 12 Q-B2,Q-R4 ch!

A novelty and the key to Black's defence, replacing 12 ... 0-0; 13 0-0-0, R-K1; 14 KR-K1, N(2)xP; 15 NxN, and now if 15 ... NxN; 16 B-N5, R-K3; 17 N-B4, Q-B3; 18 Q-Q2! when Black loses decisive material (Belyavsky-Seirawan, 1984) or 15 ... RxN; 16 RxR, NxR; 17 Q-K4, Q-Q3; 18 N-B7! QxN; 19 QxN! (a 1973 analysis by Petrosian).

13 K-B1, N-B1!

White's knight cannot maintain its attacking position.

14 N-B4, N-K3; 15 NxN, BxN; 16 BxB, PxB; 17 R-Q1, N-Q5!

A further point to the defence. Black gambits a pawn, but forces an open game of queens and rooks where he has the safer king. If now 18 NxN, PxN; 19 RxP, O-O; 20 P-KN3, QR-Q1 with active play.

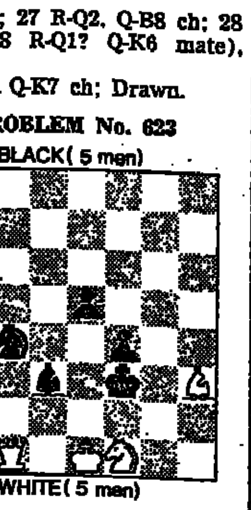
18 Q-B4, 0-0; 19 NxN, PxN; 20 QxP ch, K-R1; 21 P-KN3, QR-K1; 22 Q-Q5, R-Q1; 23 Q-K6, Q-N4 ch; 24 K-N2, RxP ch! 25 KxR, R-B1 ch; 26 K-N2.

White has to concede perpetual check for 26 K-K1? loses to QxNP; 27 R-Q2, Q-B8 ch; 28 K-K2 (28 R-Q1? Q-K6 mate), QxR.

26 ... Q-K7 ch; Drawn.

PROBLEM No. 632

BLACK (5 men)



WHITE (5 men)

White mates in two moves against any defence (by W. Potempski).

Solution Page XVII

Leonard Barden

هكذا عن الأصل

Organised to the hilt

Put your life on file and bid farewell to chaos, confusion and life's unexpected shocks

Lucia van der Post

HOW TO SPEND IT

FILING used to be the province of lowly clerks. Today, it is so chic, so meaningful, that there are said to be those who feel, if their day should pass without a fix of this rewarding pastime, feel, somehow incomplete. We are not, of course, talking about filing in steel-grey cabinets — that is still left to the clerks. No, the sort of filing I'm talking about is the sort that goes into your very own personal organiser, the sort that is supposed to turn the chronically chaotic, the hopelessly late and terminally stressed into bright-eyed, purposeful and, above all, organised (this is the buzz word of the movement and movement it must be called, so evangelical about its benefits are its supporters) people.

Filofaxes are probably the best-known of the genre, but so spectacular has been the demand for organisers that the number of companies piling into the market grows every day. It is now said to be a £100m a year business world-wide, and it is reckoned that by 1990 this will have doubled.

When I first wrote about Filofaxes on this page back in April 1983 I knew not what I did. It was then a minority sport, spoken about only among a small band of aficionados. Today Filofaxes (and their many relations) are everywhere. Once you had to go to specialist shops and even write by mail to replenish the paper. Today shops all over the country stock them. It has even reached the point where Stanford University, no less, is running week-end courses in Filofax Management at $500 a time, board and lodging are provided—bring your own Filofax.

If you already have your own personal organiser (and if there is anybody out there recently returned from a desert island, they are loose-leaf systems with ring-binders, which usually holds a diary, address book, spare notepaper and assorted other "information" sheets and personal documentation) then you have declared your allegiance to one or other brand.

Those who have yet to decide which, if any, is the one they would like might like a run-down of the present state of the market.

In case the uncommitted are wondering what all the fuss is about, it is worth pointing out that one of its main advantages over the usual diary system is that it is an on-going system—in other words when the year ends you simply take out the old diary and slot in the new; as you find more friends with a certain initial you simply slot in another page. The big disadvantage of an organiser, and I can scarcely bear to mention it since it happened to me, is that if you lose one you are indeed in big trouble.

The good news, before you agonise over which system, is that most are entirely compatible. If you buy a Harper's House, a Filofax or a Lefax binder, all the stationery from one system will fit the others. If, for instance, you want a particular Lefax information sheet but own a Filofax binder, worry not — it will fit.

Filofax got off the ground here when David Collischon of Norman & Hill started to market seriously a product that had in fact been around for years. In the early days it catered mainly for the clergy and the military which is why there are still information sheets for things like Church Family Records.

Filofax is now the most widely available, has a good range of information sheets, and besides the standard size binder (the 7in x 5¼in Winchester is the one that style persons prefer to be seen clutching) there is now a double-size binder, the Deskfax, for those who need larger pages. A standard Winchester leather wallet costs £39.50 and inserts vary but start at 64p.

Harper House is the next largest company in this country (in the USA it is number 1) and its style is probably less serious, more fun. There are brightly-coloured vinyl covers, more varied graphics on the inserts and a range of tabs and labels which encourage serious compartmentalising and organising. However, they don't supply information sheets.

For men who will not use an organiser that does not fit into a pocket there is now a version from Harper House that will fit into an inside breast pocket.

Because there is such a wide range of binders (or wallets, the terminology varies from manufacturer to manufacturer) Harper House has a huge price range—they start at £17.50 and go on up to £79.

Lefax is a fairly new arrival on the British scene. The American company, though, is the originator of the whole ideal. Back in 1910 a certain J. C. Parker used Lefax-sized paper to record his engineering data and found it so popular with his colleagues that he began to develop and expand the idea.

For many years, however, the idea had not been properly marketed but in 1984 Marc Ennals, who had started the London Wood Partners at 9 Murray Street, London NW1, the first shop specialising in loose-leaf organisers (at that time just Filofax) along with some fellow enthusiasts, bought the American company and brought Lefax to London.

Being aficionados of the system they had strong ideas and immediately set about re-designing, updating and marketing their ideas. Today The London Wood Partners has four shops—two in London, one at 9 Murray Street, New York (yes, the same address as one of the London shops; the other is at 28 Shelton St, WC2) and a new one at 32 rue des Francs Bourgeois, Paris, 3e.

Lefax offers a huge variety of binders—from elegant leathers with such comforting names as Westminster, Bloomsbury, City, to less expensive plastics. Prices for the binders start at £8 for the vinyl version, but the standard wallet, 7" by 5¼" in a good leather, costs £40.

Then there is the City—which has a 10mm ring size and is specifically designed to go into inside pockets or small handbags, but it still has room for five creditcards, as well as a diary and several inserts. At £35, it could be used as a portable addition to the larger version.

For those who like a large page-space for carrying a lot of notes but don't need the more complex arrangements for cross-referencing nor the range of information sheets offered by Filofax and Lefax, Mulberry has some exceedingly chic (and expensive) loose-leaf systems—but remember that these sheets are not compatible with other systems. In expensive-looking, crocodile-printed leather, the larger planner is £85, but this does include the contents.

Finally, there is the Time Manager, but this is something different. Primarily it is "geared to prioritising your life." It is, the blurb declares, "more than just a business efficiency system, more than just putting a deadline on your meetings' schedule. Time Manager is about people and about how they can best manage their time in pursuit of their ambitions at work, and fulfilment in their personal lives. Motivation is the key factor in the Time Manager philosophy."

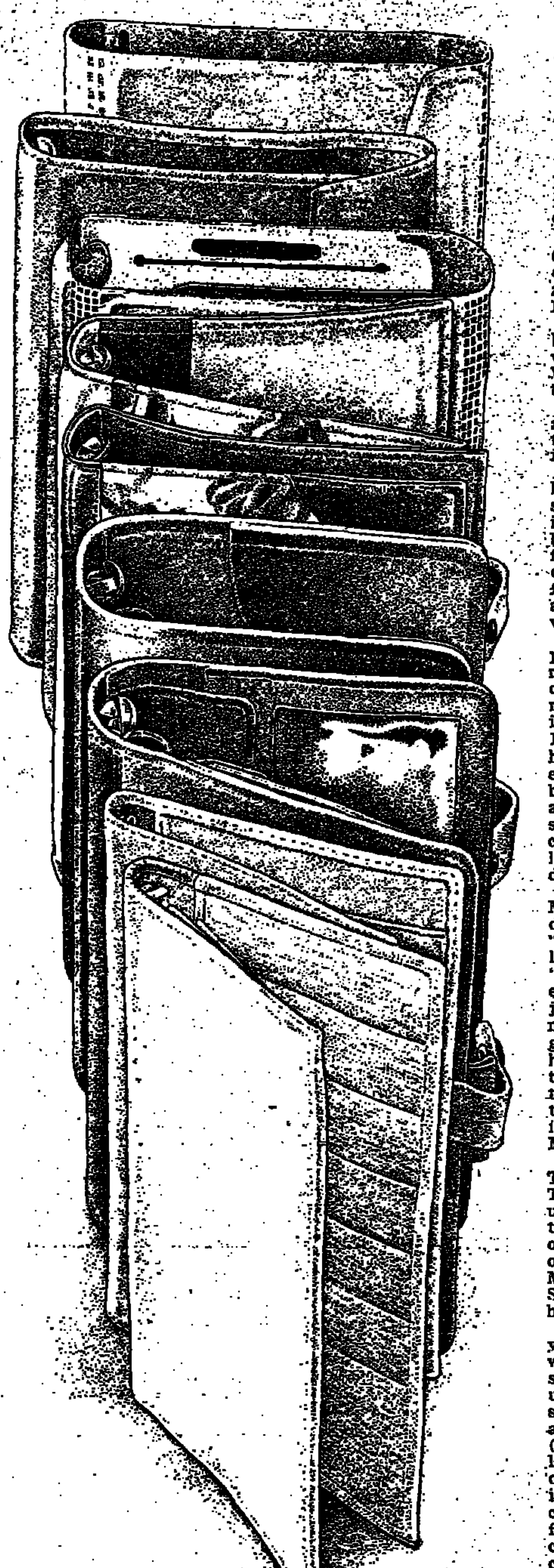
Once you could only buy a Time Manager by going on a Time Manager course at a very uninvigorating price of £300 for two days—today, you can buy one for just £62. But you can only buy direct from Time Manager itself at 50 High Street, Henley-in-Arden, Solihull, West Midlands B95 5AN.

However, whichever system you finally decide to buy, it is worth bearing in mind that the system is only as good as the use you make of it. To understand the systems takes time and when you first buy a binder (oops, sorry, wallet) you should lay aside plenty of time to work out which combination of fillers is best for you. Most of the companies offer a standard filling which has been quite carefully thought out and you can then add your own extras yourself.

I do not know of a single shop that sells all the systems but here is a list of some shops that should give you sensible advice.

- The Walton Street Stationery Company, 97, Walton Street, London SW3.
- Just Facts, 43, Broadwick Street, London W1.
- Paperchase, 213, Tottenham Court Road, London WC1.
- The London Wood Partners, 9 Murray Street, London NW1 (just Lefax).
- Mulberry Company, 11-12 Gees Court, St Christopher's Place, London W1M 5HQ.

Besides this many stores now sell planners. Watch out in the autumn for a host of cheap imitations from the East—they may or may not be what you want but if they seem very cheap, check the binders, the papers and the information sheets for quality before you buy.



Michael Daley

Paris postbag

ALAIN DUTOURNIER, the idol of Parisian gastronomes, who persuaded foodies to trek out into the wilderness of the 12th arrondissement to eat at his temple Au Trou Gascon, has left it in the more than capable hands of his wife and set off for the more elegant pastures of the rue de Castiglione, between the place Vendome and the Tuileries. There, at number 14, he has opened Carre des Feuillants and the current talk is all about whether it's as good or better than the old Au Trou Gascon. Go and see for yourself. Try one of the set menus—at something like Frs 350 it may seem a lot but you will be served an array of exquisite courses (I made it eight in all) all of them making it clear that here food is much, much more than a way of keeping the wolf from the door — here it is art on the grand scale.

* * *

On the fashion scene the talk is far more of which interior designer is doing which boutique than of the clothes themselves. Looking ever more like an outpost of Tokyo is the rue Etienne Marcel in the 2e, leading into the Place des Victoires, where it's all still at, at the moment. The style is minimalist, not to say stark, and the message seems to be that the clothes themselves are no longer the main point of the exercise, just one part of a total lifestyle package. It's a trifle alarming, for you get the feeling that people, particularly those so unchic as not to be dressed in the acceptable monochromes, may seriously disturb the decor.

The current vogue interior designers are Philippe Starck (he who designed Cafe Costes in the place des Innocents where the loos are so ardently recommended to be viewed by so many guides that you can hardly get into them), Andree Putman (of course) and Denis Colomb.

You need quite a strong nerve to enter into this world of such decided design statements but gather a little hauteur around yourself and wander in confidently. It's worth it. The clothes are, as the Parisians say, "hors de prix" — in other words, they carry price tags that seem scarcely credible but they are some of the most interesting currently being made. Fabrics are lovely, designs distinctly new but some surprisingly wearable.

Look at Junko Shimada (no, not a joke!) at no. 54; at Marithe and Francois Girbaud's extraordinary unisex four-floor boutique further down where the stairs act like a stage, providing a constant living theatre; at Comme des Garcons, round about No. 40, for men and women.

While you're in the area don't miss Jean-Paul Gaultier's truly extraordinary boutique in the nearby rue Vivienne, just on the corner of the newly restored (and very elegant) Gallerie Vivienne. Gaultier's boutique, designed by Maurice Marty and Patrick Le Huerou of Design Environment, is as outrageous as the clothes and is attracting so many visitors to clutter up the decor that entrance is sometimes controlled at the door.

Its chief claim to fame, besides the extraordinary full-size models made out to look like survivors of classical Rome, are the video-tapes of the complete Gaultier collection set into round-screens in the floor.

* * *

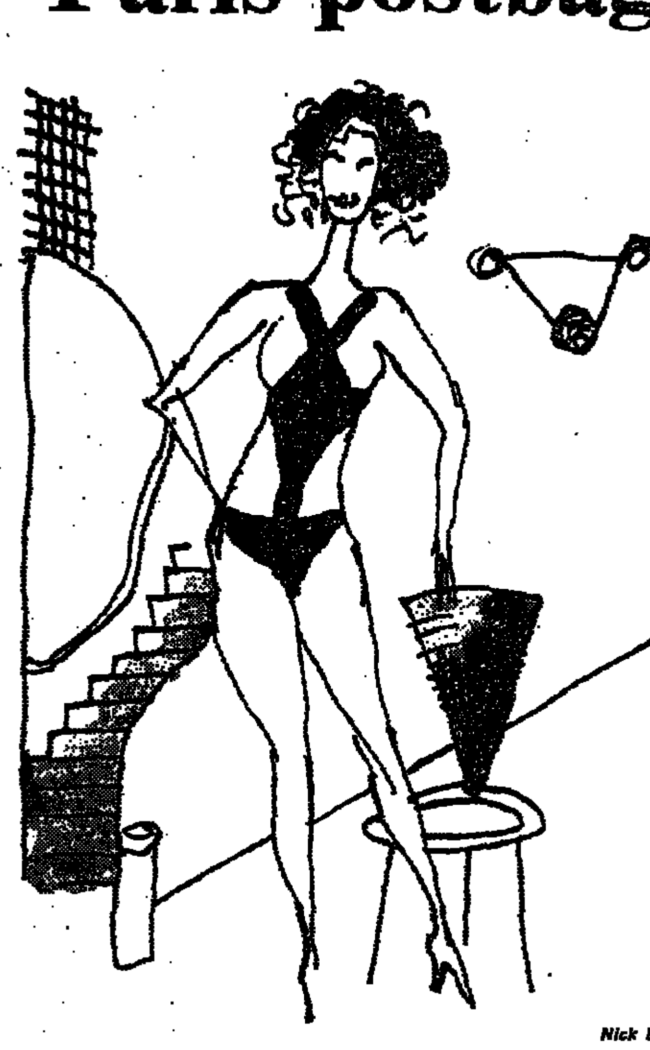
If you're after more wearable clothes at more reasonable prices go along to Agnes B in the rue du Jour, just by the Beaubourg in Les Halles. Here this remarkable designer (who will open in London in the autumn) has revamped all her boutiques and there is now Agnes B for men, for women, for children (a particularly adorable collection of chic black and white spotted separates) and for teenagers (Lolitas et garcons). Her simple, elegant, eminently Parisian clothes are sought-after by many a fashion editor and though they undoubtedly look better on the thin than the fat, they are much easier to wear than the more avant-garde creations to be found in the rue Etienne Marcel.

Also in the rue du Jour (a small street, so everything is easy to find) are several other designers producing clothes in what look to me suspiciously like the Agnes B style. This makes them comfortable, elegant and easy to wear and prices seemed good.

Unquestionably, though, the hottest name in the fashion business at the moment is Azzedine Alaia. Ever since six British fashion editors turned up at the same party wearing the identical Alaia dress, it has been hard to avoid evidence of the Alaia influence. What really inspires him, he's been reported as saying, is a good body, so it is no surprise to find that he is currently purveying a body-clinging, slinky distinctively seductive look.

His new premises at 17, rue de Parc Royal in the Marais may seem a trifle intimidating, because you have to ring the door-bell) and then are let in but the staff, I'm assured, are charming—it's just they have so many famous customers (Paloma Picasso, Andree Putman et al) that they need a little privacy. If you find this daunting go and check out his first at Galeries Lafayette where on the designer floor there is a section given over to Alaia designs.

LvdP



Nick Baker

Chianti's revolution

Wine

PEOPLE VISITING the beguiling Chianti countryside around Florence and Siena will find a new wind blowing through its steep vineyards and cellars. The vineyards now include several varieties of grape types, the introduction of which would have been considered by the authorities not so long ago as traitorous. The cellars almost everywhere contain rows of 2¼-hectolitre French and Slovenian oak casks (barriques) supplementing the traditional big, black botti of around 50 hl that almost touch the vaulted ceilings of ancient cantina.

This new wind has been needed—and called-for by the more far-seeing producers — for a long time. There has been too much Chianti—up to and sometimes more than 1m hl, a year — and too much inferior Chianti that gave a bad name to one of the few wines known world-wide.

The changes — almost a revolution — have centred round the controversial replacement (for the 1984 vintage) of the Denominazione di Origine Controllata (DOC) appellation by the Garantita (DOCG) qualification. The DOCG rating had previously been given only to Barolo, Barbaresco, Brunello di Montalcino and Vino Nobile di Montepulciano; in reputation at least, these headed the list of Italian fine wines. Few outside Tuscany thought Chianti was in this class and there is suspicion that the changes were partly a political decision, for something had to be done to improve the wine's quality and status.

Responsible for this upgrading were the professional bodies representing about 2,500 Chianti growers (which means most of them). These bodies are the Chianti Classico, with its black cock symbol, and the Chianti Putto, which covers the six districts outside the Classico area. However, by initiating the abrupt change with the very poor 1984 vintage, these syndicates and the authorities in Rome erred, because the supporting organisation—especially of inspectors and tasting commissions—was far from complete. Now, for the excellent 1985 vintage, it seems to be working although it is not universally popular.

Apart from those growers who want to continue making the wine in the old way—and Tuscany is noted for its conservatism—there are complaints of bureaucracy, delays, and suggestions of tasting decisions arrived at on what we might call the old-boy network. Exact figures are not available but it is said that 25 per cent of the 1984 wines have been rejected; however, two appeals are allowed and, in any case, the tasting for the DOCG rating takes place only just before bottling. Not all the 1984s are yet in bottle and only those 1985s for very-early marketing.

What, then, are the changes? First, and most important, the permitted maximum yield per hectare has been reduced from 80.5 hl to 52.5 hl in the Classico, and in the Colli Fiorentini and Rufina districts; and from 87.5 hl to 70 hl in the four other areas. In exceptional years a 20 per cent increase may be permitted, while an extra 20 per cent may be produced as table wine (vino da tavola). Again, exact figures are not available but it looks as if the average annual production of DOCG Chianti will be only about 300,000 hl. Since only Garantita wine may be called Chianti, it is a huge drop.

Second, the balance of permitted grape varieties for Chianti has been altered, as advocated for years by the more progressive growers and firms such as Antinori. The crucial change concerned the proportion of white Trebbiano Toscano (the not very distinguished Ugni Blanc of Cognac) and Malvasia del Chianti. Chianti can be a pretty rough and aggressive tannic wine, and the blending-in of 10-30 per cent white wine has a mollifying effect.

However, wine-growing and production methods have developed greatly since the 1860s when Baron Bettino Ricasole, the "father" of modern Chianti, apparently favoured adding some Malvisia to the red wine he made at his Castello di Brolio. This established a tradition that was made official in the DOC regulations a century later; but the pace of improvement has quickened in the past 10-15 years.

Now, under the new regulations, the proportion of white wine to be added has been reduced to between 2 and 5 per cent in the Classico district, and from 5 to 10 elsewhere. Also, the required amount of the red Canaiolo, which has lower acidity and makes a quick-developing but short-lived wine, has come down from 10-30 per cent to 5 to 10 per cent. Instead, Sangiovese, the basic Chianti grape, has risen from a maximum of 80 per cent to 90 per cent.

Obviously, it is too early to estimate the overall effect of these changes but the reduction in the proportion of whites should lead to more flavoury wines, with more concentration; and the reduction of Canaiolo should produce wines that age better and will actually require longer to mature. Indeed, the best Chiantis, the Riservas, need between eight and 10 years to show their full quality—some even more than that.

Moreover, it is not true that a greater proportion of Sangiovese will result in tougher wines. One of the surprises of my recent visit was the quality of the distinctive wines made from 100 or 90 per cent Sangiovese. Among them were Fontodi's Flaccianello, Montagliari's Bruneseo, Frescobaldi's Montesodi, Quercetto's La Corte (a single vineyard), Badia e Coltibuono's Sangioveto, and Isole e Olena's Borro Cepparello.

There are certainly others, and their quality depends to a considerable extent on the small barrels, mostly from France, in which they are aged. From these, they derive an oaky bouquet and flavour, and most demand prolonged ageing. They have these special names because, without the blending called for by the DOCG regulations, they are just vini da tavola. They are necessarily more expensive than all but the top Chiantis, but not in terms of value for quality.

This new flexibility has encouraged experimentation on a wide scale. Grapes previously unknown to the region have been planted. I even tasted at Isole e Olena a deep-coloured, big-flavoured 1985 Syrah, as well as a near-black Cabernet-Sauvignon 1985 that seemed likely to take years to come round. Chardonnay is being planted widely. All these "new" wines have been inspired partly by Antinori's Tignanello; its first vintage was 1971 and now it contains 20 per cent Cabernet-Sauvignon. More recently, they have introduced Solaia, made only from Cabernet-Sauvignon and Cabernet-Franc: a single-vineyard wine.

Another development in the pipeline is a wine called Alto Predicato, from vineyards in the highest parts of the Classico district, with half a dozen French grape varieties blended with Sangiovese. Sponsored by Rufino, the group of its growers numbers 80, and a DOC is expected.

A drive in the other direction from older wine is Chianti Giovane, a primeur wine but still carrying the pink DOCG seal on its bottles. But as it cannot be released before March 1 for Chianti, and June for Classico, it will scarcely be a rival here to Beaujolais Nouveau.

The best recent vintages for Chianti are '78, '81, '82, '83 and '85, with great hopes for last year's wine. For the fine wines, '81 is the youngest vintage to be considered reasonably mature, but I was greatly impressed by the rich, concentrated '82s. A good Chianti deserves to be opened two or three hours in advance.

There is a good deal of way to be caught up but, if developments continue as they are now, Chianti and its associate white wines are likely in export markets to present a greater challenge to those middle-price wines of the other EEC countries than they have in recent years.

Edmund Penning-Rowsell

Lord of the flies

Fishing

I SAW my first Mayfly on the Test this Bank Holiday Monday, a good deal later than usual. Others had been seen, but very few fish caught on them. This was no mass of fly covering the surface so that fish could afford to be choosy. It was just a sprinkling sailing down against the wind, finally being blown off the river by the gales which seem to have been our lot this spring. In a season such as this the constant wind makes it impossible for many of the fly to return to the river to mate and lay their eggs and this, I believe, is the reason why the populations of Mayfly vary cyclically. The cycle seems to last about 25 years, and ours reached a peak two or three years ago and now seems to be moving downward again.

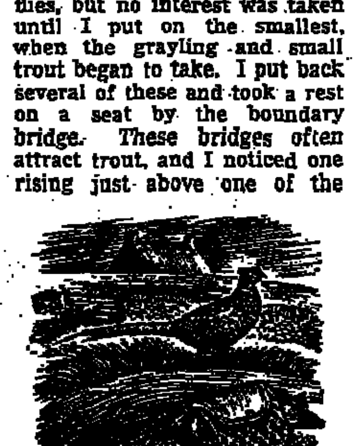
It is generally believed that a heavy hatch of Mayfly spoils the fishing for the next few weeks. The trout are gorged by the mass of food and spend June and July digesting this feast, taking no notice of others. I prefer a spring without the Mayfly. The fact that trout take well during its season on the Test, generally the last three weeks in May, is probably because the water is warming up, so making trout more active.

I used to fish the Kennett near Hungerford, only 20 miles north of the Test, where the Mayfly only begins to hatch in the beginning of June. But I did find there that the post-Mayfly period was much more barren of any fly and fish activity than even the Test at its dourest.

On this outing there was quite a bit of activity, with some quite bold head and tail rises. But I never saw a fish take a Mayfly and they did not like the artificial Mayfly I put before them. I concluded that if they were taking at all they were nymphing, and as this is not allowed on my beat until August I came back to my favourite fly, a hackle Pheasant Tail.

Pheasant Tails come in all sizes, and being hackled cannot look unnatural on the surface. Winged flies look fine if they fall the right way up and stay there, but all too often they fall over or even upside down.

I started with my biggest flies, but no interest was taken until I put on the smallest, when the grayling and small trout began to take. I put back several of these and took a rest on a seat by the boundary bridge. These bridges often attract trout, and I noticed one rising just above one of the uprights. Still on the seat, I cast a very ragged line towards it. A straight cast would have made the fly drag, but the downward current floated the fly naturally and it took at once.



It set off downstream at once, but I was ready and kept the line and rod as vertical as possible, walking up stream with the fish following.

It soon came to the net and turned out to be a hen fish in the peak of condition, weighing just 3 lbs. This—the best this season—gave me the encouragement to fish for another I had seen rising a hundred yards upstream. It was what we call a cruising rainbow, covering quite a wide strip of the river. I cast well above it and hoped it would see the fly in the rather murky water. It certainly did, and was indeed a rainbow, dashing all over the place and jumping right out of the water.

The bank was good for landing, and it came sweeping down to the net, but just too far out. Carelessly I had taken the pressure off and dropped the point of the rod, so the line tightened and the hook came out. I hooked another rainbow in very shallow water, and had to use a lot of pressure to keep it out of the snags and tree roots. Again I had it close to the net, was clumsy, and again the hook came out.

There and then I made a resolution. The folding net I have used for more than 30 years must be replaced with one much wider between the jaws, with double the length of handle, so that I can encircle and lift the fish from the water without having to bend my knees. Which is a slow job for an antique fisherman like myself.

John Cherrington

Viennese painter's life-saga

OSKAR KOKOSCHKA: A LIFE
by Frank Whitford, Weidenfeld & Nicolson. £15.00, 220 pages

OSKAR KOKOSCHKA peers out from photographs and self-portraits like a creature from Grimm's fairy tales, visionary but knobbly, begotten by a troll, perhaps, upon a peasant. In a sense that is what he was: his mother was a forester's daughter from the Styrian mountains, his father came of a family of German-speaking goldsmiths in the legend-ridden city of Prague. Unfortunately Gustav Kokoschka had lost whatever gift for alchemy his ancestors may have had, and Oskar grew up in straitened circumstances in Vienna's outer suburbs. He believed that he had inherited second sight from his mother; from his father he inherited artistic talent. In spite of a spectacularly Bohemian early life, he had a very strong sense of responsibility to his family, whom he supported financially, as well as to his students, and to humanity as a whole.

Kokoschka was a maverick, but "with an innate conservatism... never... especially interested in contemporary art." He liked being compared to the early 16th century religious painter Matthias Grünewald, used the romantic landscapist Caspar David Friedrich as an example in teaching, and admired minor Austrian artists of the 17th and 18th centuries. His artistic roots were in the central European forests. But there was nothing primitive about him except his appearance. He was an intellectual, a reader, writer, and dramatist as well as a painter.

In 1904, when he was 18, he entered the Vienna School of Arts and Crafts, a forward-looking institution, many of whose teachers belonged to the Vienna Secession. As its name implies, this was a breakaway reformist group of artists and designers founded only six years earlier under the presidency of Gustav Klimt. By 1905, Klimt was leading another walk-out, whose participants became known as the Klimt Group (It was in their exhibition, the Kunstschau of 1908, that Kokoschka made a fairly sensational début; he was pronounced a genius by some critics and a wild man by others). So, from the very start of his career, he was aware of what was going on in the art world, and Whitford makes his readers aware of it too.

Kokoschka was taken up by Adolf Loos, the great radical funtionalist architect whose private life (in which Kokoschka was soon involved) was as baroque as his buildings were rectilinear. When Kokoschka felt he was not making enough headway in Vienna, Loos recommended him to Herwarth Walden in Berlin. Walden was another talented and influential weirdo. He employed Kokoschka as a dogsbody on his avant-garde periodical Der Sturm, as well as showing his work in the art gallery attached to it. After the war, which he fought with the Austrian cavalry, Kokoschka was appointed to teach at the art academy in Dresden, a city which was an important artistic centre with a congenial Bohemia.

Although from time to time he seemed to be connected with one artistic movement or another, Kokoschka never acknowledged any — except for Expressionism, whose founder he claimed to be; and he reserved a special corner in hell for Schiele, George Grosz, and Picasso—as catholic a choice of bêtes noires as you could hope to find. Whitford outlines Kokoschka's usually dissenting and frequently disgruntled figure against a changing background of Wiener Werkstätte, Fauvism, Functionalism, Futurism, Der Blaue Reiter, Die Brücke, and other groups, not to speak of three Secessions, one in Vienna and two in Berlin. He even manages to fit in the dealers and galleries (especially Paul Cassirer's) connected with these movements, and to peer into the pots where eccentric, charismatic editors like Walden and Karl Kraus of Die Fackel in Vienna were stirring up the Zeitgeist brew.

In fact, you could read this book as an introduction to Central European culture in the first decades of the century: a long weekend in Vienna and Berlin with a stimulating guide, to be followed up, perhaps, by more prolonged study, if you find yourself gripped. It is not difficult to be: Whitworth goes at a tremendous lick, cramming an inconceivable amount of material into a mere 200 odd pages, studding them with vivid mini-portraits of the bizarre characters who pullulated on the scene, and writing so directly and limpidly that there is no sense of over-compression.

As for Kokoschka's life, that is a ready-made page-turner. He dramatised it himself, not only in a semi-fantastical autobiography, but also in the way he lived it, spotlighting himself as a lonely seer, misunderstood and undervalued, especially in his own country—even when he was reasonably successful. The most dramatic episode was his almost mythological affair with the man-eating Alma Mahler. She inspired some of his most startling and visionary paintings, and surreptitiously deserted him for her old flame Walter Gropius while Kokoschka was fighting on the Russian front. A few days later he was shot through the head. Whitford quotes his blood-curdling account of how he lay among other Austrian wounded waiting for a Cossack who was going around with his bayonet to put them out of their misery. He felt the bayonet enter his lung; but the Cossack lost his nerve before finishing him off, and Kokoschka survived.

As soon as he was convalescent, he ordered a life-sized doll to be made of Alma. He took it everywhere with him, reserving it a seat at the theatre and having a place laid for it in restaurants. This strange behaviour can be attributed partly to the trauma of his experience in the war, and partly to exhibitionism; but the letters he wrote to the doll-maker and which Whitford quotes reveal a frightening, crazed obsession with Alma and every detail of her anatomy.

Plenty of other peculiar affairs enliven the story, but Kokoschka formed no lasting attachment until he was in his fifties. By this time he was living in Prague as a refugee from the Nazis—not that he was a Jew, although they tried, unsuccessfully, to find him a Jewish ancestor. But he had openly dissociated himself from the regime: in 1937 they gave him quite a spread in the notorious Degenerate Art exhibition.

Olda Palkovska was the daughter of one of Kokoschka's patrons in Prague, and much younger than he was. She sounds intelligent, sensible, and unselfish, everything that Alma was not. In 1938 they fled to England together and three years later they were married in the air raid shelter where the Hampstead registry office was installed.

After the war Kokoschka became "unofficial court painter to the Federal Republic," commissioned to portray Heuss and Adenauer, and many other *Prominente*: from being the doyen of German art he moved to being its grand old man, with retrospective exhibitions all over the place, even, in 1962, in the Tate Gallery. He died in 1980 in the house in Switzerland that he and Olda had built in 1953.

Whitford agrees with received opinion that it was as a young man that Kokoschka produced "his most original and unconventional work," especially in portraiture. He even makes you feel that Kokoschka had—as he himself believed—some kind of clairvoyance into his sitters' souls and destinies. The most extraordinary portrait, perhaps, is of the Swiss scientist Forel, painted in 1909. It looks "as though the sitter himself had been pressed up against the canvas and left an almost ghostly impression."

To get this ectoplasmic look, Kokoschka applied the paint with a cloth and with his fingers, scratching in the hair with his nails. He justified this savage technique to another sitter—the Sturm contributor Paul Scher—by pronouncing that the only point of "drawing" and "painting" was to "produce something convincing."

Unfortunately, as reproduced here in black and white, the paintings are not very telling, and in some cases not even legible—so that one is grateful, for instance, for the table of contents to one of the still lives: which appears in the text "a dead and partially flayed sheep, a tortoise, a brown jug, a white mouse, a tomato, a white axolotl in a small glass tank, and a white hyacinth in a pot." Drawings, prints and posters come out slightly better, though they have been brutally reduced to make chapter headings—a decorative device which gives an attractive period air to the book—only it's not quite the right period.

Gabriele Annan

A centenary exhibition of the work of Kokoschka opens at the Tate Gallery on Wednesday, and will be reviewed by William Packer.

The editor and writer Karl Kraus drawn by Kokoschka

Frenchman who held sway over savages in Brazil

Fiction

COD STREUTH
by Bamber Gascoigne, Jonathan Cape, £8.95, [illegible] pages
SPHINX
by D. M. Thomas, Gollancz, [illegible] pages
MY PRESENT AGE
by Guy Vanderhaeghe, Bodley Head, £8.95, 239 pages
MAN DESCENDING: SELECTED STORIES
by Guy Vanderhaeghe, Bodley Head, [illegible] pages
DIGGING UP THE MOUNTAINS: STORIES
by Neil Bissoondath, André Deutsch, £8.95, 247 pages

COD STREUTH is a rather elaborate and intricately plotted spoof which will appeal to lovers of Rabelais more than to those who do not like him or have not read him (more, I suspect, than would like to admit the fact). I was continually amazed by the trouble to which Gascoigne had gone to arrange this material: its neatness and self-inclusiveness are certainly admirable in themselves.

The book gives an account of the reign of Jacques le Balleur, a French Calvinist, over the cannibals of Brazil from 1559 until 1561. The tribe took the only four pages he had left—when he arrived in their midst—from his complete Rabelais for a Bible which they had been promised by someone else . . .

There is a Rabelaisian parliament, and an entire Rabelaisian history with an unexpected ending. It is all exceedingly ingenious. But why not read Rabelais? No one can be like him, and it is very hard—with the best will in the world—to see the point of all this industry. Nonetheless, for those who yearn after James Branch Cabell (and there are rather more than one thinks), this is just the book. It is quite extraordinarily well worked out.

Sphinx is the third of four what the author calls "improvisational" novels. It is set for the most part in Russia, and once again features the Soviet poet Rozanov. A sizeable proportion of the book is in rhyming couplets. Either it is, as the publishers say, "unpredictable," or it means less than it suggests it means.

All that D. M. Thomas writes in fiction has seemed to me to be frenetic and desperate, and I find that I cannot take his obsessiveness about sexual matters with such solemnity as some of his readers do. In fact I frequently find them comic—also monotonous. It is stated that the theme, here, is "freedom"; but I feel like calling the author's bluff, and asking if it is really, apart from its knowing air and its huge number of allusions, about anything more than what is in the air so far as Kremlinologists are concerned. There are a few good vignettes, especially of opportunists on the Soviet scene: but nothing coheres. This seems to me to be notes for a book, not a book

Guy Vanderhaeghe is a Canadian in his mid-thirties, and Bodley Head have sensibly given us both his first novel and a collection of his stories. The latter show him at full strength: versatile and lucid, writing in more or less traditional forms. "What I Learned from Caesar" is a little masterpiece of compassion and simplicity. A boy comes to terms with the madness of his immigrant father and with his love and grief for him by reading Caesar's account of the Belgae, whom he admired because they chose to fight . . . There are other stories as effective.

But turning to the novel, it is almost as good, if not quite as economical. It is about a fantasist who has been abandoned by his wife, and who sets out to find her in the company of yet another grotesque fantasist. It is compulsively readable, gives a memorable picture of the teeming city Ed, the protagonist, haunts in his pathetic quest — and, above all, it presents us with wholly credible people. This is realism at its best, and promises us more to come.

Neil Bissoondath is the nephew of V. S. Naipaul, who states that he welcomes his already surprisingly well-developed talent. This is certainly the case. It is not often that one is able to salute the gifts of a single new short-story writer—let alone two in one week. But there is no doubt that both these writers (by a coincidence Bissoondath left his native Trinidad to reside in Canada, where he is now working on a novel) are excellent and original.

Digging up the Mountains contains 14 tales which survey the vagaries of modern life with an unusually hard and experienced neutral eye. In "A Short Visit to a Failed Artist" we are presented with a merciless but impeccable—and richly comic—portrait of an idle, lascivious and pitiful bore. The most ambitious and complex of the stories, "An Arrangement of Shadows," gives some hint of what this impressive writer may be able to do at a fuller length: it is a claustrophobic account of the breakdown of a 40-year-old teacher, with genuinely tragic overtones. Bissoondath is a writer who is already almost awesomely mature.

Martin Seymour-Smith

Bamber Gascoigne: reaching for Rabelais

Wuthering O'Heights

THE BRONTËS' IRISH BACKGROUND
by Edward Chitham, Macmillan, £25.00, 168 pages

EDWARD CHITHAM presents The Brontës' Irish Background, dramatically enough, as a study of a side of the Brontë sisters' lives and writings which, he claims, has been carefully obscured by "the Brontë Society Establishment": the sisters' awareness of the Irish origins of their father, Patrick Brontë—or Brunty, or Ó Pronntaigh. At one point, Chitham asserts that "the main thesis of this book" is the argument "that the Brontës at Haworth were conscious of an Irish dimension and that this found its way into their writings."

The book is, in fact, much more concerned with Patrick Brontë's Irish relations and forbears than with either the lives or the "literary expression" of Charlotte, Emily and Anne. Chitham spends a lot of time speculating about the historical accuracy of various Brontë family anecdotes—often of a more or less trivial nature.

When he does discuss the Brontë sisters' writings, his vague talk of an "Irish dimension" leads to confusion between three separate areas of enquiry. First, the attitude towards the Irish implicit within these writings (as exemplified, in Charlotte's case, by the condemnatory portrayal of the "besottedly arrogant" Irish curate Mr Malone in Shirley). Secondly, the presence within the novels and poems of elements which, it is argued, are derived from the cultural world of the Irish Brontës. The book places constant emphasis on the "orality" of Wuthering Heights. And thirdly, the adaptation of pieces of family history — or family legend — for use in the novels. The story of Heathcliff in Wuthering Heights bears striking resemblances to that of Patrick Brontë's "great-uncle" Welsh, an adopted foundling.

Oddly, Chitham never pursues any of these areas of enquiry very far.

Chloe Chard

Mr Steadfast takes guard

WICKETS, CATCHES AND THE ODD RUN
by Trevor Bailey, Collins, £9.95, 256 pages

AS FT READERS and addicts of Test Match Special would expect this is a shrewd, honourable, modest book.

The framework is straightforwardly autobiographical but leaves plenty of room for thoughtful and constructive observation of the kind we have come to look for, many of them in laconic asides.

Born in Essex where he still lives, Trevor Bailey's sense of place is strong and he has played most of his cricket—for Dulwich, Cambridge, Essex and Westcliff—in that corner of England. A prodigy at Dulwich (into the XI at 14 and an average of 121.57 in his penultimate year when he was concentrating on his batting) he went up to Cambridge in 1946 after a war pleasingly free of heroics. A Double Blue (soccer is his other love) and so on to Essex whom he served as secretary, player or captain for over 20 years.

Trevor Bailey was first selected for England in the Headingley Test of 1949 and during his time as the cement of the middle order (though more than occasionally opening) and workhorse bowler (although again, figures of 16-7-34-7 on a good wicket at Sabina Park say something more) he scored 2,290 runs and took 132 wickets in 61 Tests.

These achievements (and an Amateur Cup Winner's medal) entitle him to talk authoritatively about his profession. His origins lie in the last days of the Golden Echo; his current duties are to report the Leaden Echo. Which is why, despite its humour and tolerance, this is sometimes a sad book too.

Bailey notes the Lancashire spectators he first met — with Essex winning—in 1946: "They showed exceptional impartiality and doled out their applause according to performance, not team." But later: "I was sorry to note how the attitude of their supporters had changed. Their captain was jeered all the way out to the wicket, not just by the paying spectators but also by members whose committee had appointed him. . . Sadly I would now place the Lancashire spectators among the worst in the land."

Of the Somerset rowdies he suggests: "Could it be that the lack of a quality football club in the county has forced that mindless, moronic minority who have to associate themselves, even very indirectly, with a successful concern to focus their attention on Somerset cricket?"

And he is questioning about rewards. He points out that an established England player can now expect at least £30,000 a year from country and county: "Even taking account of inflation, and ignoring the numerous perks and very profitable rewards that are now available as a result of commercial cricket sponsorship, this does compare rather favourably with my £450 per annum salary as Secretary of Essex and the £200 to cover my six-month tour of Australia."

Yet it's genuine enjoyment and love for the game that warm and illuminate all the criticism. It would be splendid for England if this enthusiasm—and character—were available today.

And how about this for an All Rounders XI (all of whom Bailey has either played with or watched) to beat the present West Indies? Bailey; Farokh Engineer; Worrell (captain); Miller; Sobers; Greig; Botham; Kapil Dev; Imran Khan; Hadlee; Illingworth.

Spare a thought for Worrell! Who the hell gets the new ball?

John Metcalf

Girl in a muddle

RUNAWAY
by Lucy Irvine. Viking £9.95
292 pages

RUNAWAY IS a prelude to Lucy Irvine's book Castaway. That was an account of her mental and physical survival on a tropical island with an ill-suited male companion. It was riveting for its combination of fascinating detail and perfect candour. By the end you know everything of how two people coped in extreme conditions. Having read Runaway one knows that Lucy Irvine lived much of her adolescent life at some physical or emotional limit. She had been on nodding terms with harrowing circumstances for several years.

At the age of 12 she ran away from home, driven by the need to get away from her parents' disintegrating marriage and an equally strong quest for adventure. She ended in hospital after a motorbike smashed into a wrought-iron gate. She was returned home, but the pattern for the next few years was set. Mental instability and encounters with characters as offbeat as herself usually ensured spectacular consequences.

In Scotland she had her finger broken by a sadistic chef; hitch-hiking across Europe she was raped in Greece. In Israel she lived on the edge of nervous breakdown, convinced she was pregnant from the rape. Back in England she did break down and spent several ghastly spells in mental hospitals. A simmering relationship with her father almost boiled over: instead she nearly bled to death in an ex-lover's flat, whose rejection of her caused another bout of mental anguish. The book ends with her deciding to take on the challenge of the desert island. By then it hardly seems such a surprising decision.

That Lucy Irvine can write is not in question. It's what she chooses to write about that leaves me with a feeling of uneasiness. To write in ruthlessly intimate detail about how a relationship survives on a desert island is one thing: to expose your adolescent affairs in the same way is another.

Without question she was a victim of an unhappy family situation and suffered because of it; and she undoubtedly had some adventures. But I wonder if offering up one's traumas to the public in the hope of another best-seller is the best way to lay such ghosts. There is a thin line between emotional honesty and sensationalism. In places this book comes down on the wrong side.

Valery McConnell

Centres of elegance

Today's strolling players are bringing music to suburban leisure centres as well as England's stately homes, while the French have their own way of finding the right setting for a concert

BEFORE nations, towns and villages were so generous in providing "leisure centres," the proper place for the arts was in the home. From the little family group singing *Messiah* around the piano to Haydn's band at Esterhazy, music was part of the furniture in a civilised household; and now that so many great houses are open to the public, music is being added as an extra amenity.

Berrington Hall, near Leominster, was built by Henry Holland the younger in 1780 for Admiral Rodney, who thrashed the combined fleets of France and Spain at the Battle of the Saints and so secured our Caribbean possessions for us. It is not a notably handsome house. It has a fine portico with widely-spaced Ionic columns, but the toffee-coloured ashlar of the walls makes the house look like some cosmic caramel dropped into the green Herefordshire landscape. But it was dropped there by Capability Brown, Holland's father-in-law, and the grounds, sloping down to a lake, and the ornamental gardens entered through a triumphal arch, are characteristically excellent.

On May 17 they should have been at their springtime best, but there was rain all day, a circumstance the National Trust could do nothing about. On this day Philomel gave a concert at Berrington; although only the front range of rooms was open to visitors, there was excellence in plenty to be seen indoors.

The music was in the dining-room, some of its elegance necessarily muted for the alien rows of chairs for the audience. Philomel is a group of young American musicians, Erin Headley (cello), Nancy Hadden (flute) and Emily van Evera (soprano). They were joined on this occasion by Paul Nicholson (harpsichord) in a programme of the baroque music in which they specialise.

The programme included three trio sonatas, by Antonio Lotti, born 1667, Jean-Marie Leclair, born 1692, and J. S. Bach, born 1685, with arias by Handel and Vivaldi, also born 1685, and a suite for viola da gamba by Roland Marais, born about 1680. The sound of the old transverse flute, the six-stringed viola and the harpsichord, all admirably played, sounded peculiarly apt in that splendid room.

I have to say that neither Viotti or Leclair is among my favourite composers, and there were moments when part of my attention escaped to the naval battle pictures on the walls, by Luny and Paton, and the exquisite paintings on the ceiling. But between Viotti and Leclair, Miss van Evera sang two Handel arias, "Süsser Blumen, ambraflokken" and "Meine seele hört in Sehen," and there was no escape from such charm. In the interval, as is the way at National Trust concerts, wine was served.

The Travelling Opera Show, whom I had seen the previous week, had no architectural splendours to augment their production of *Cosi fan tutte*. "Watersmeet" had suggested the Devonshire house of that name near Lynmouth. But the Watersmeet Centre at Rickmansworth is a good average local leisure centre, a useful all-purpose hall lacking only an orchestra pit.

The starting-time had been advertised locally as eight o'clock, though the company had meant to start at 7.30. The delay did no harm, for the orchestra would have been short of a cello at that hour. But let this not suggest that there is anything amateurish about the Travelling Opera Show. They may be small, with only four singers available for the chorus (doubling as stage-hands) and only 11 players in the band, but the performance I saw was well sung, well directed, well conducted. It was the last performance of their current tour, but they expect to be back in the autumn.

The English translation of Ruth and Thomas Martin was used, occasionally touched up by the director, Nigel P. Draycott, and the jokes with which the opera abounds were presented as jokes, though never interfering with the music. There was almost a touch of Gilbert and Sullivan about it. The period was alleged to be 1912, which allowed designer Sarah Wentworth-Stanley to let Alfonso (Tim Menah) stand about with his hands in the pockets of his lounge suit.

Fiordiligi and Dorabella were admirably sung by Elizabeth Brice and Eleanor Forbes; Miss Brice encompassed the Alpine ranges of "Come scoglio" with impressive lack of visible effort. Guglielmo and Ferrando (Colin Baldy and Philip Sheffield) added the right tincture of comedy to their performances, and Mr Baldy gave a smooth "Un' aura amorosa." As sometimes happens, Despina was the audience's favourite; Laura Rowley was as funny as she was euphonious. Andrew Parmley, the conductor, had done miracles in reorchestrating the band parts so that the average amateur ear might never have noticed the absence of a second flute, clarinet, oboe, bassoon or horn. If I must find fault, which I do reluctantly, it is only to regret the invented café-scene to accompany the playing of the overture.


Noel Mann and Sandra Porter of Pavilion Opera

The Pavilion Opera Company on May 29 threw away half the overture altogether, for they used a piano instead of a band. However, I don't want to begin by comparing productions for Pavilion had a trump to play. They performed in the state dining room at Hagley Hall.

The house was built for the first Lord Lyttelton between 1756 and 1760, to the designs of Sanderson Miller who, like Vanbrugh, was an amateur architect. In stands in a park of matchless beauty, and is surrounded by various follies, an ordinary red-brick Victorian Gothic church and a cricket ground. From the windows of the dining-room, as we were waiting for the opera, we could see a match in progress.

Pavilion Opera productions are "in the round." Two rows of seats surrounded three sides of the room, a handsome chamber whose Prussian-blue walls are festooned with plasterwork that frames the portraits representing the first Lord Lyttelton's family. The rococo ceiling, by Vassilli, is gay.

The piano, a Bechstein grand brought in from another room, stands at one corner of this ring, close by the door which is the only means of entrance or exit. The action is played as if it were going on among a troupe of guests. Sometimes a character will incline towards that line of chairs and murmur a comment or so — a comment he has been given by Lorenzo da Ponte, of course, for Pavilion will have nothing to do with translations. Despina and Don Alfonso sometimes seem like fellow-guests, watching the four principals making asses of themselves. I was almost temoted to ask Alfonso where he got his beautiful clothes: the answer, since he had his mind elsewhere, is from Christopher Cowell, who had designed some new costumes to augment those of Carol Stevenson, and had them sponsored by Octavian Underwriting Ltd.

Within the ring the two soldiers (Randall Staley and Philip Salmon) and their unhappy victims (Alice Hyde and Janine Roebuck) sang and acted as well as could be. In such a staging, the acting is more important; when the two soldiers have something to sing like "Ah! che dal ridere l'alma dividere!" they must look as if they were going to burst, and so they do, while over our shoulders Alfonso (an excellent Noel Mann) tells us he knows it will all end in tears. Alice Hyde gave an impeccable "Come scoglio," and made me wonder again how it is that so many young singers can tuck this difficult aria away as easily as "The lass of Richmond Hill." And when Guglielmo asked "Ed oggi non si mangia?" he sounded almost as if he meant it; yet when Philip Salmon had sung "un'aura amorosa," they left the stage as if in search of a sandwich in the dressing-room. You believe in the characters in circumstances like this.

Pavilion Opera was started in 1981 by Freddie Stockdale. The season lasted five nights, but then the National Trust invited them to sing in country houses. In the current season they are giving 86 performances, including five in New York—*Don Giovanni*, *Cosi fan tutte*, *Rigoletto* and *L'Elisir d'Amore*. *Cosi* was produced by Christopher Newell, now busy at Glyndebourne, and the pianist and musical director is Bryan Evan. And since I haven't had a chance to mention her particular charm, Despina is Helen Kucharek, who in private life is married to Don Alfonso.

Hagley Hall is usually open only for two months in the summer. Lord Cobham, who is a Lyttelton, inherited the property in 1977 and decided that if he wanted to live there, which he thought important, the house must be made to work for itself. So the house is available, through his courtesy, for conferences and receptions of all kinds, as well as for opera and theatre (Pavilion will be back in September with *L'Elisir d'Amore*, only probably playing in the fine gallery, once used by less resolute Lytteltons for cricket). This seems to me the ideal way to keep a fine old house available for roughly the kind of functions it must have been built for, and yet retain it unchanged as far as possible. I shall certainly celebrate my big pools win there if it's available.

B. A. Young

Vintage Bordeaux

IF THE "Mai musical de Bordeaux," a solidly-based, municipally subsidised annual festival now in its 37th year, makes less stir internationally than some of its rivals, visitors soon discover why. Local audiences from the city and from the region of Aquitaine fill the various venues. Music lovers from abroad are more than welcome but their presence is not important enough to justify wide publicity. The programmes are an intensification of normal musical life rather than a summer extra. The result is pleasantly relaxed, with none of the discernible effort, sometimes in our country too painfully evident, to cope with a *sudden influx of art-hungry* strangers.

The nerve-centre of the festival is the Grand-Théâtre in the middle of the town—supreme irony for a city much under English domination in the past to have so prominent a public theatre. This magnificent building by Victor Louis (also responsible for the court-yard of the Palais Royal in Paris and the adjacent Théâtre-Français) has such an imposing façade, with 12 Corinthian columns (four more than Munich) and statues on the balustrade, that unless you stand back you may miss the stage tower and think you are admiring a centre of commerce. Inside, the double staircase, a model for Garnier at the Paris Opéra, is as grandiose as its descendant and a good deal less ornate. The auditorium is sensibly content with 1,000 usable seats.

The festival staging of Rossini's *La pietra del paragone* has already been described here. The theatre was also the scene of a piano recital by Alicia de Larrocha, playing Turina, Granados and Chopin with her accustomed rhythmic buoyancy and acute clarity unimpaired by discomfort from an injured left ankle. Every time one hears them from this artist, "Los requiebros" and "El pele" from *Goyescas* have a more joyous impulse and reveal more intricate detail.

In another remarkable piano recital a few days later Jean-Philippe Collard played in the abbey of Saint-Ferme to the South East of Bordeaux, beyond Monségur. After a blazing day the temperature dropped and the skies opened. With lightning flashing beyond the windows Collard was transformed into a figure out of E. T. A. Hoffman—thin and pale with sharp features, apparently hanging on to the piano for dear life as he took his calls. Schumann's *Kreisleriana* (a most striking performance) greedily absorbed the romantic atmosphere. Franck's Prelude, Choral and Fugue remained aloof, impervious.

The châteaux of the Médoc are pressed into service. At moated La Brède in the philosopher Montesquieu's library (he also sold wine to the English) the Talich Quartet from Czechoslovakia played Mozart, Mendelssohn and Smetana. At Issan in one of the *chais* or wine-making plants, from which they had removed the barrels, a piano trio made up for the occasion from Collard, Pierre Amoyal and Maurice Gendron played Schubert and Brahms. The festival has an encouragingly enthusiastic and (thinking of Parisian habits) quiet audience for chamber music.

Later that afternoon in the same acoustically excellent building there took place an ideal festival concert—unusual setting, festive music admirably performed. The distinguished oboist Maurice Bourgue, with colleagues from the wind section of the Orchestra de Paris and a double bass, gave transcriptions from three Mozart operas—*The Magic Flute*, *Cosi fan tutte* and *Don Giovanni*. These arrangements were described as "contemporary." So deft and delightful is the writing that it is hard not to believe Mozart himself had a hand in them. And if not Mozart, who? As for the playing, how often does one hear the opening chords of the *Magic Flute* overture so cleanly tuned, rapid ensembles from all three operas so nimbly tongued, tenor phrases normally effortful in human throats so easy and smiling?

Tourists are said to flash through Bordeaux on their way to the Dordogne, the Pyrenees or the Atlantic Coast without stopping. In books and films concerned with the fall of France it has been painted as gloomily provincial with rainy, empty streets. Now, at any rate, it is handsome and agreeable, with comfortable-looking 17th and 18th century crescents and circuses, the streets and avenues wide and not too long, spacious enough for a city that has more than once in times of crisis served as the nation's capital. Traffic is moderate and, for these days, uncommonly well-mannered. Chestnut trees burst into flower at festival time. Some of the smaller streets in the centre have hanging lamps burnished like copper.

Even if you wanted to you could hardly miss the wine, nor the impression, conveyed in the most dignified, inoffensive way, that it is very good wine, not for universal consumption. There are many wine shops in the centre, not drinking dens but sedate parlours for discussion and purchase, with racks of bottles and stacks of thin wooden cases. About them hangs a discreet aroma of serious good living. As for food, with the present exchange rate prices are surprisingly reasonable. It always hurts more in France, but it is worth recalling the price of the last restaurant meal in England, probably dearer and still more probably much less good.

What surprises in restaurants and in the market (conveniently near the centre) is not so much the luxuries as the superiority of simple things—tomatoes as sweet and pungent as they look, cheeses as sharply distinct in taste as they are in colour and shape. Our supermarkets may indeed have opened their shelves wide but they somehow manage to reduce flavours to dull English uniformity. One asparagus tip in Bordeaux will have as much kick as a whole bundle this side of the channel. Sunshine helps.

Ronald Crichton

Second Andre Previn festival

The second André Previn festival will be launched on June 15 when the Royal Philharmonic will again take over the South Bank with some 36 concerts.

The London première of Peter Maxwell Davies' Violin Concerto will be performed by Isaac Stern on June 25 and André Previn will open and close the festival with two major 20th century British choral works—Tippett's *A Child of Our Time* and Britten's Spring Symphony. His own Guitar Concerto will be performed by John Williams on June 27.

The festival is again sponsored by Bankers Trust Company, and John Williams' recital by Shandwick PLC.

Solution to Chess No. 623

1 Q-R3. If 1 . . . NxQ or BxN; 2 N(N3)-Q2, or if P-K5 2 N-Q4, or if K-K5; 2 Q-R6.

The Colossus of comedy

Video

IN A FINE month for comedy on video, all other wares must take second place to the alpha and omega of Woody Allen's career. Both his last film *The Purple Rose of Cairo* (Rank/Orion) and his first, *Take The Money And Run* (Video Gems), bound into view, dispelling any last doubts that Allen is the funniest film-maker in the world. The pintsize Colossus bestrides modern comedy: and his stride stretches from the machine-gun gag-delivery of his debut movie, a glorious spoof prison-break drama (cherish Allen's moment of deflated menace when his fake gun whittled from soap turns to lather in his hand) to the 1985 masterwork in which shrinking violet Mia Farrow meets the matinee idol of her dreams, who steps right out of a movie screen.

Through Allen's wondrous fertility with plots and characters, he himself scurries with his unchanging mixture of wisdom, panic and cracker-barrel asides. American TV funnyman Chevy Chase has been groomed for movie superstardom in recent years, but he has only approached Allen-worthy wit and range in *Fletch* (CIC). I first saw this gag-studded private eye parody 30,000 feet above the Atlantic, and it is the only in-flight movie that has taken my mind off the flight. Chase, in and out of half-a-dozen disguises, pings out vintage one-liners like a man inspired.

Every denomination of mirth is catered for this month. *An Officer and a Duck* (Disney) wins my best title award for 1986 and features 11 classic cartoons starring the demented waterbird. *Brewster McCloud* (MGM/UA) is a rare and choice comic folly from Robert Altman, in which a would-be Icarus (Bud Cort) fails to get very far off the ground, unlike the film. And on the subject of follies, what convocation of madmen could have dreamed up the sublimely eccentric *Alice in Wonderland* (Warners)? Made for US TV, this musical comedy version breaks Lewis Carroll up into vaudeville pieces and feeds him to about two dozen ravening screen and stage stars.

There is Telly Savalas as the Cheshire Cat ("Miaow, baby"), Sammy Davis as a jive-talking caterpillar evidently raised in Harlem, Carol Channing doing her laryngitic lisp as the White Queen, and Shelley Winters and Donald O'Connor, no less, breasting through the waters in the Dodo race. Add a screenplay by a Pulitzer playwright (Paul Zindel of *The Effect of Gamma Rays*), some catchy songs and special effects from top movie FX man John Dykstra (*Star Wars*) and the mixture is hard to resist. Or at least hard to ignore.


Mia Farrow in Purple Rose

Those seeking sterner stuff should try *Three Sovereigns for Sarah* (Stablecane). In this American TV play Vanessa Redgrave, never an actress to spare herself, is involved in witch-hunts in Salem, Massachusetts, c1690. Patrick McGoohan partners her in a thumping historical drama which shows that sometimes the knock on the front door at dead of night can usher in even worse things than insurance salesmen.

Miss Redgrave has not yet appeared in a kung fu movie, but with ex-Royal Shakespeareans you never know. James Both, who once played Edmund to Scofield's Stratford Lear, is the yank-accented villain in the uproariously enjoyable chock-socky film *Pray for Death* (VPD). Both also wrote the screenplay. Vengeance, sweet-and-sour dialogue and lethally gymnastic spring rolls punctuate this Manhattan-set romp, which has never hit the big screen but is twice as entertaining as most films that do.

Lastly, music, and plenty of it. The pop video market continues apace, with a fresh consignment of firework visuals and songs to deafen the dog from Powerstation (PMI), Feargal Sharkey (Virgin), James Brown (Virgin) and the Bee Gees (MGM/UA). For the more classically inclined there is *Albert Herring* (Thorn-EMI), Britten's springy and enchanting opera which translates Guy *de Maupasasnt to a Suffolk* village. Producer Peter Hall, venue Glyndebourne.

Nigel Andrews

Roles of honour

FOUR YEARS *after publishing* his somewhat unctuous autobiography, Laurence Olivier has unleashed a few random thoughts on the great parts or some of them, with which he is associated and bound them up in a conversational parcel decorated with tips and warnings for aspirant actors and much cavalier, practical commonsense.

King Lear is not, it turns out, an exhausting role. He is easy, "just a stupid old fart," a far cry from Romeo with whom you spend all evening searching for sympathy, or Othello, "a lousy role" with far too many climaxes and a dangerously attractive (to the audience) opponent in Iago.

Olivier likes to imagine Shakespeare and Richard Burbage downing a few yards of ale one night, the actor boasting he could play anything Shakespeare wrote. "Right, I'll fix you, boy," slurped the Bard and sloped off to write Othello. Burbage, Garrick, Kean and Irving are clearly identified as Olivier's precursors. By Olivier. His successor is not as yet acknowledged. Olivier still wears the crown and addresses a chill warning to his anonymous usurper: "First you have dust clean the blackboard of the chalk of memory. But begin, whoever you are, do begin. . . . But just remember as you come tiptoeing along the passageway to the chamber of gold, that you will find an old man standing at the entrance, legs apart, back straight and erect, eyes piercing, barring the way."


Olivier in one of his most famous roles, in his film version of Hamlet

Competitiveness and possession lie at the heart of Olivier's drive as an actor. His chapters on Richard III and Othello dissolve from lightning sketches of preparation to the euphoric, triumphant haze of a first night, the audience sniffed beyond the curtain like victims fattened for slaughter. He is Richard, is Othello, but "Olivier's in charge." He is possessed by the role but, more importantly, he possesses the role.

The Richard voice—the most imitated of all his voices, the most inimitable—was "a mixture of honey and razor blades," the character based on the American director Jed Harris, "the most loathsome man I ever knew." No actor in our lifetime has rivalled Olivier's particular brand of vulgarian bravura and lethal animalism. He was always a fitness fanatic (still swims every day) and used his body as a weapon. But it was the eyes that scared the life out of you—sulky, fixed and unforgiving. He owns up here to being much impressed by Ronald Colman when he started his film career; but he added a diabolic edge to the Colman image when he played Heathcliff, D'Arcy and Max de Winter, all of them poisonous romancers.

His great friend Ralph Richardson gave him the clue to Henry V: "A scoutmaster, but he raises scoutmastership to godlike proportions." Still, he was only saved, he says, from underselling Henry by the finger-snapping scoutmasterliness of Tyrone Guthrie, one of only two directors he credits with daring to push him around (the other was Jonathan Miller during *Merchant of Venice*). He likes Antony but diagnoses him "an absolute twerp . . . Not a lot between the ears, has Antony."

He astutely but no doubt mischievously alleges that Gielgud was always best when he admitted he was a character actor, citing his revelatory performance as the poetical hanger-on in Pinter's *No Man's Land*; and he re-tells the famous incident in Paris when Richardson, severely stewed, nearly dumped him over an hotel balcony in the small hours. Richardson was "a cunning old sod" who did him out of Cyrano by claiming it at a policy meeting, forcing Olivier precipitately into the 1946 *Lear* (Olivier was convinced that Richardson, who should have played Lear, but never did, would exchange roles). And that chapter contains a sly dig at Donald Wolfit who had recently played Lear ("But then he never stopped playing it") which is elaborated in a not so sly excavation of the old-fashioned "I've been through it all and I'm exhausted" curtain-call routine.

We have intriguing accounts of his Archie Rice, James Tyrone, John Tagg and even a vivid picture of stage fright, the panic and insomnia of the sacrificial theatrical lamb. Acting is, in the end, a form of immolation and it is only *really* that in the theatre. Olivier says he has always tried to be a *real* person on stage and sets great store by powers of invention and spontaneity in himself and in others.

One of Olivier's NT company at the Old Vic, Gawn Grainger, edited the book (surprisingly giving us "Sam Shepherd" and "Lee Strassberg"), and its value is assured as the latest testament of the most dominating and remarkable actor of our day. It reads as though spoken late at night into a tape-recorder. Slight, but indispensable.

On Acting by Laurence Olivier, Weidenfeld and Nicolson, £12.95. 270 pages

Michael Coveney

Settled out of court

Radio

THE play *The Missing Day* by Derek Kartun was a crime story in a way, as Saturday Night Theatres usually are, but a very different one. Did Chaikovsky really die of cholera? Then why no subsequent disinfection of his rooms? The real story, says Mr Kartun, went like this: the father of Alex Stenbok-Fermor, Chaikovsky's boy-friend, wrote complaining to the Tsar. Chaikovsky was given a kangaroo trial by old boys of the School of Jurisprudence, of which he was an old boy himself, and they ruled that the only way to keep him out of the courts would be for him to be "unavailable"—abroad or dead. Chaikovsky declined to live abroad, and chose arsenic instead.

The play was dramatic and convincing, and well played under David Johnston's direction, with Ronald Pickup as the composer and Ian Ogilvy as his brother Modest, who organised the posthumous deceits.

Radio 4 had another weekend winner, the opening of a four-part *The Man Who Was Thursday*, adapted by Peter Buckman. Those Chestertonian contradictions that litter Gabriel Syme's entry into the Supreme Council of Anarchists garnish the intriguing story with their special philosophical fun. Michael Hadley is Syme, Glyn Dearman *the director*.

Also, on a full Sunday, we had *Anyone Can See I Love You*, by Marilyn Bowering, directed by Marilyn Imrie, to celebrate Marilyn Monroe's 60th anniversary. This was a trio for Hetty Baynes, who does a fair imitation of Miss Monroe, Stuart Milligan on piano and occasional male voice, and some lightweight jazz. I stuck it out for its full hour, disliking it more each minute. Then, later in the evening, there was Elgar: Sir Edward and his bicycling friend Rosa gave a quick account of his life from 1914 onwards, interleaved with snatches of his music and ending with a complete performance of the piano quintet. Elgar (Richard Pasco) came out as a selfish, uncharming man, alas. *Wood Magic* was the name of this curious programme, devised by Michael Kennedy.

A dramatic gem, I thought, came on Radio 3 on Tuesday, David Pownall's *Beloved Latitudes*. The deposed African President Sebusia is dictating his life-story to Neville Tyldsley, the white man who has stood with him throughout an unpopular dictatorship, and is now to be executed with him. Mr Pownall understands Africans, even African dictators, and this play exhibits the oddly characteristic warmth of feeling that exists between emergent Africans and their European advisers. Martin Jenkins's production included a full house of British black actors and Benjamin Whitrow; and very good they all were.

B. A. Young

I've just arrived in the Windy City

David Owen reports on why there are more important things in Chicago than the World Cup

JUST MY LUCK to be posted to Chicago a month before the World Cup started. While the rest of the football-mad globe is getting punch-drunk on a ball-by-ball account of the trail to glory, Windy City is more concerned with the size of Bears quarterback, Jim McMahon's close season midriff. Soccer is irredeemably small beer here.

Perhaps the best illustration of the a verage American's overwhelming and deep-seated indifference was the collapse in 1985 of the once-starstudded North American Soccer League after just 17 seasons.

Of course, US participation in the final would have helped to concentrate the minds of more Americans. Unfortunately, the national team was no match for a mediocre Costa Rican side, which was in turn eliminated by Canada. Sections of the media are making a last-ditch effort to arouse interest by inciting a US following for the unfancied Canadians (rather like the English were encouraged to root for Scotland and Northern Ireland four years ago). But their exhortations have generally fallen on stony ground.

Gerry Gray provides Chicago's only direct link to the 1986 World Cup finals. Gray is a highly rated Canadian midfield dynamo who plays his club soccer indoors for the Chicago Sting. Even this link might not long outlast the tournament. Gray is said to be bored with the club and ready to leave after it asked him to commute between Chicago and Mexico for the tournament's duration.

To be fair, it is possible to view the whole competition in Chicago and doubtless elsewhere in the US. Just about. The national network, NBC, is broadcasting seven of the 52 scheduled games while those equipped with cable television will get a further 15.

But NBC viewers however could be forgiven for thinking that the entire extravaganza was staged to provide a spectacular backdrop for Budweiser beer advertisements. Coverage is frequently interrupted by commercial breaks, with scant regard for the state of play at that particular instant.

For an avid Anglophile like myself, there is a further problem. NBC is singularly failing to chart England's progress. For that, I shall have to resort to the Spanish International network, which is broadcasting all matches (in Spanish) for the benefit of the city's 600,000-strong Hispanic community.

Since I have yet to acquire a television and my Chicagoan acquaintances, don't watch Spanish TV, let alone soccer, chances are this will entail the occasional trip to my local Hispanic bar. At this point, my Chicagoan acquaintances' eyes usually glaze over and they start murmuring phrases like "Death wish" and asking whether they should bring flowers. The general consensus is that while I may get out of England v Morocco alive, should we be drawn against Mexico in the latter stages, the consequences wouldn't bear thinking about.

As I await my fate, I can't help thinking that Chicago has passed up a marvellous opportunity to drum up the tourist trade during the month of June. A few well-placed ads in European newspapers depicting the city as a refuge for those wishing to avoid the World Cup would surely have brought them flocking.

On second thoughts, I may just buy a television set.

Reflections on an Indian summer

Trevor Bailey reports from Lord's on how quickly cricket changes

WATCHING THE Lord's Test, I could not help thinking how much Indian cricket has changed since 1971 when, under Wadekar they beat England one-nil in a three-match series for the first time and returned home in triumph to a hero's welcome. In those days their main strength lay in having a world class spin attack — Bedi, Chandrasekar and Venkatravaghaven — a name I never could pronounce correctly in spite of Brian Johnstone's advice to call him "rent a Caravan" — with Prassanna in reserve.

These slow bowlers had the ability to win a Test on either a good pitch, or one which favoured spin. They were backed up by several quality batsmen, though their batting line-up was not as formidable as now, but their seam bowlers were second class their main purpose was to remove the shine from the ball, a process which seldom took very long.

On anything remotely resembling a "green top" England would expect to cruise home while India did not provide serious opposition in a one day international. What a very different story it is today.

The best chance for India to win the Test in the present series, even though the converse applies, is probably at Headingley which in recent years has tended to encourage accurate seam and swing rather more than mere pace. It is difficult to imagine how in most other conditions their attack would have sufficient penetration to dismiss England twice. Perhaps even more intriguing is that, on a turning wicket, I think that the Middlesex pair, Emburey and Edmonds, would be far more effective than the tourists' spinners.

The one sad outcome of the success which India has enjoyed in limited overs cricket in recent years and its great popularity among cricket followers has been a noticeable decline in the standards of their spin bowling.

This has certainly been the case in England where the wrist spinner has become obsolete and few counties possess a young slow bowler.

Even if they do they seldom bother to play him.

The one-day game, because of the need to keep the run rate down, has tended to produce a race of steady, rather than negative seamers who are more proficient at keeping batsmen quiet than getting them out. Could this be one of the reasons that India have now won only one Test out of the last 42 and why England have lost their last ten against the West Indies. Both England and India have impressive batting line-ups and, if the pitches remain firm and true, there ought to be several high scoring draws and a feast of attractive strokes.

It did not work out like that on the first day at Lord's because the pitch was understandably slow, which made the quick acquisition of runs difficult. Graham Gooch and Derek Pringle rescued England after they had managed to lose four of their five pure batsmen for small scores and no special reasons.

The Essex pair by sound sensible batting, raised the total from the near disaster of 94 for 4 to well over 200, but though Sharma was brisk and lively, Kapil Dev unlucky to be unrewarded and Maninder admirably accurate, the Indian attack was not especially dangerous. The last five should have added 150.

How very different it was in the Caribbean where our tail never lasted any length of time and sometimes appeared to depart almost gratefully. However that was hardly surprising when one remembers that none of our accredited batsmen in 10 innings managed to hit a century.

Phil Edmonds . . . a challenge on a turning wicket

John Bourne looks at the Cambridge Bump races and an emergent college

Downing is going up

APART FROM a successful spell a century ago, the real arrival on the rowing scene of Downing College, Cambridge—founded by the descendant of Oliver Cromwell's "Spymaster," who later built Downing Street—started in the 1960s.

Next week, the boat club's achievements could reach their peak. This will be in the May races, always held in early June, according to the old Oxbridge quip, "to deceive unwanted strangers."

The Cam, like the Isis, is too narrow for eights to row side by side very far, so the Cambridge Mays are "bumping" races. On Wednesday the top 18 boats of the first division start one behind the other, 1½ lengths apart, in the places they reached in last year's races. If a boat catches and bumps the one in front, each immediately draws into the bank.

The following day, they change places . . . and so on until the Mays end on Saturday.

Downing's big leap forward was in 1961. Then its first eight, for only the third time in the club's 98-year history, rowed from top of the second division to bottom of the first. It was by a piece of good luck, coupled with an act of sheer desperation: the club captain took a sudden decision, a brazen one for what was a mediocre crew. This was to do a "Chinese start," named after a pre-war Chinese crew which rowed at more than 50 strokes a minute with bamboo oars, only to collapse before halfway in its race.

Downing rowed its race never rating below 44. What happened is described by the captain, Andrew MacTavish, in his log book: "We shot off. Someone caught a crab on the third stroke. Sheets of water! It happened so quickly it was unbelievable. One, two, then three guns, bell (all signals from the bank that the crew was going up) . . . bump. The coach was delighted, but said it was 'the most b- b-- bloody a-- a-- awful piece of rowing' he had ever seen."

In next week's races, the college boat will be battling to regain the headship from second place in the first division. If it does, 1986 will be a year for the records.

Already this year, the club has produced the first Downing man (Quintus Travis) to be president of the university boat club; the first former Cambridge oar (Bruce Philp) to be president of the rival Oxford University Boat Club; and the first Downing man (Steve Peel) to row in Britain's national heavyweight eight.

Travis is also the first president of either university club to drop himself from his own Blue Boat squad four months before the Boat Race because he was not good enough. As for Philp, he had the unenviable distinction of leading the Oxford crew to its first defeat by Cambridge in 11 years.

The best yardstick for measuring these feats is to read A Sporting College by Ian Hay. His comic short story is about a college which has so few undergraduates that it can produce only seven young oarsmen. The last seat in the boat is filled by an ancient don, and the eight's cox is "an oriental gentleman." The climax is a series of calamities only equalled by Jerome K. Jerome's Three Men in a Boat, when they paddle their skiff on to the Henley Regatta course in the middle of a race.

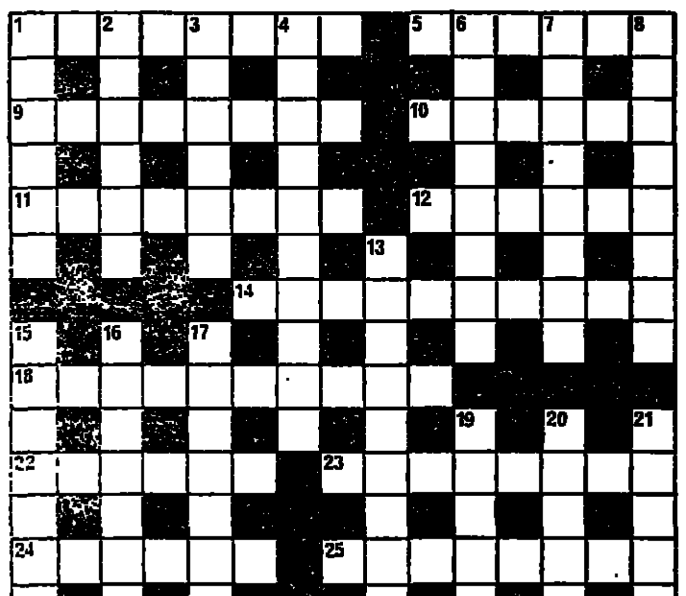
Ian Hay did not name the college, but it was surely Downing, which in some years had had so few undergraduates that it was in serious financial difficulty. By 1908 it even had a "deliberate policy of swelling its numbers by admitting Asiatic students."

For part of the Victorian era, the college boat was described as "the worst on the river." And, according to The Long Haul, by Stanley French: "In 1849 there was no boat at all, because there were very few Downing men and most of these had no wish to row; they were too old, too rich, or too idle, or all three."

On Wednesday, the May boat will, barring any last-minute changes, row without the following men: Peel (still rowing for Britain); another Blue and Travis, both working for exams; and the stroke and cox of Goldie the university's reserve crew, each recovering from hepatitis. But the Downing stroke will be Charlie Green, who rowed a "mean oar" in Goldie just before this year's Boat Race, and also aggressively stroked Downing to the semi-finals of last year's Thames Challenge Cup at Henley.

FT CROSSWORD PUZZLE No 6,041

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

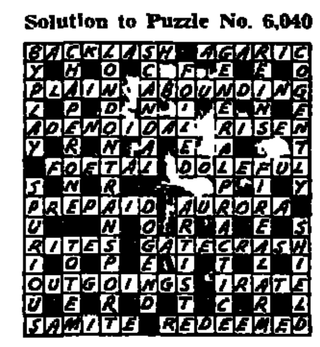
ACROSS

1 What's doomed to fail is not quick food (4, 4)
5 Illegally obtained cannabis for food (6)
9 Food for the elite hair-style (5, 3)
10 Music listener returns without food (6)
11 Fill completely by taking food (English) (8)
12 Wood for food, unchanged in Disney (6)
14 Incomplete costumes for spy beheaded for taking food at works (6, 4)
18 Early English scientist needs (I get the message) food (5, 5)
22 Spot, not food ? (6)
23 Inability to swallow a French food, about one pound (8)
24 Food for a short time in Orkney island (6)
25 Bring up food from underworld ravine (8)
26 Scottish food made of Parchment ? (6)
27 Discovered food in long grass (8)

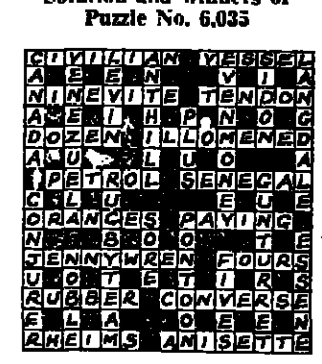
DOWN

1 Note about a headdress: start again ! (2, 4)
2 Article has Freda frightfully frightened (6)
3 Comparatively humid fire control (6)
4 Distribute rum to canny rustic (10)
6 Collapsible headdress gives drinker a laugh, first to last (5, 3)
7 Amateur propaganda is endless for deserving people in the non-religious sphere (8)
8 Essay for Easter, it may be (8)
13 Irish county girl's get-up is a point for dressing (10)
15 Subdivisions of less important cattle stations ? (8)
16 About one-fifteenth of an hour-glass ? (3-5)
17 Joke over girl student leaving takes the biscuit (8)
19 First of birds, a powerful bird, is a hound (6)
20 Peninsula war with Royal Light Infantry involved (6)
21 Do wrong, not on centre? (6)

Solution to Puzzle No. 6,040



Solution and winners of Puzzle No. 6,035



Mrs J. Barraclough, Shirley, Surrey.
Mrs L. King, Beckenham, Kent.
Mrs C. J. Kramer, East Horsley, Surrey.
Mr W. Pugh, Westbury, Wiltshire.
Mrs D. S. Robertson, Grantham, Lincs.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white.

BBC 1

8.30 am The Saturday Picture Show. 10.55-5.05 Grandstand, including 1.05 News; Cricket: First Test (England v India from Lord's); Tennis: (French Open Championships); Racing from Haydock; Golf: (Dunhill British Masters); and Football.
5.05 News. 5.15 Regional programmes. 5.20 The Dukes of Hazzard. 6.10 The Keith Harris Show. 6.50 Sorry. 7.20 Film: "Airport '77" (James Stewart and Jack Lemmon head all-star cast). 9.10 The Bob Monkhouse Show. 9.50 News and Sport. 10.05 Cagney and Lacey. 10.55 World Cup Grandstand: Poland v Portugal.

BBC 2

1.55 pm Film: "Foreign Intrigue" starring Robert Mitchum with Genevieve Page. 3.30 Cricket: First Test: England v India from Lord's. 6.15 All Change at Evercreech Junction. 6.45 Newsview with Jan Leeming. 7.25 The Verdi Requiem. 8.55 Bookmark: The Old Gringo. 9.35-10.05 Cricket: First Test (highlights of the third day's play). 10.05-12.05 am Film: "Deadly Run" (French with English subtitles).

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Get Fresh! 11.30 Terrahawks. 12.00 News. 12.05 pm Wrestling. 12.55 "Thunder Bay" starring James Stewart, Joanne Dru, Gilbert Roland and Dan Duryea. 2.45 Racing from Epsom. 3.30 Athletics — the TSB Women's AAA Championship. 4.50 News. 4.55 Robin of Sherwood. 5.55 The Price is Right. 6.45 World Cup 86: Spain v N Ireland. 9.00 News and Sport. 9.15 C.A.T.S. Eyes. 10.15 Movie Premiere: "The Best Little Whorehouse in Texas" starring Burt Reynolds and Dolly Parton. 12.25 am LWT News Headlines followed by Special Squad. 1.20 Night Thoughts.

CHANNEL 4

1.45 pm Channel 4 Racing from Epsom. †3.30 "Moonlight Sonata" with Ignace Jan Paderewski, Charles Farrell and Barbara Greene. 5.05 Brookside Omnibus. 6.00 Right to Reply. 6.30 News Summary followed by Streets Ahead. 7.00 The Sons of Abraham. 7.30 Africa. 8.30 Pottery Ladies. 9.00 The Scarlet Letter. 10.00 Hill Street Blues. 11.00 "The Desperate Hours" (Humphrey Bogart stars with Fredric March).

S4C WALES

1.45 pm Racing from Epsom. 12.35 Feature Film: "Tawny Pipit." 5.05 Worldwise Reports. 5.35 Marco Polo. 6.35 Club Mix. 7.05 Mother and Son. 7.35 Newyddion. 7.45 Pwy Sy'n Perthyn? 8.15 Noson Lawen. 9.05 The Cosby Show. 9.35 Sinfonietta. 10.20 Feature Film: "Niagara" starring Marilyn Monroe. 12.00 Blues Like Showers of Rain.

IBA Regions as London except at the following times:—

ANGLIA

12.25 am Closedown followed by Central Jobfinder (programme with the latest job vacancies every night, plus advice for the unemployed in the Central area).

CHANNEL

11.59 am Today's Weather. 12.25 am The Stones in the Park.

GRAMPIAN

12.25 am Cricket Results followed by Reflections.

GRANADA

12.25 am The Roots of Rock 'n Roll.

HTV

11.58 am HTV News.

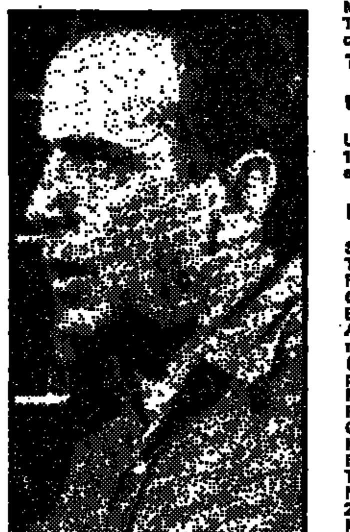
SCOTTISH

12.25 am Late Call.

TSW

11.30 am Gus Honeybun's Magic Birthdays. 11.32 Terrahawks. 11.57 TSW News. 12.56 pm Feature Film: "Mr Billion" starring Terence Hill, Valerie Perrine, Jackie Gleason and Slim Pickens. 2.35 Fisherman News. 4.55 TSW News. 12.25 am Postscript. 12.30 South West Weather and Shipping Forecast.

Moira Brooker in Sorry: BBC1, 6.50 pm



Humphrey Bogart in The Desperate Hours: C4, 11.00 pm

TVS

11.57 am TVS Weather. 12.25 After Midnight: THE STONES IN THE PARK The Rolling Stones in their 1969 concert in Hyde Park. 1.25 Company.

TYNE TEES

12.25 am Poetry of the People.

ULSTER

11.58 am LUNCHTIME NEWS. 4.53 ULSTER NEWS. 5.12 ULSTER NEWS. 12.20 am Sports Results. 12.25 News at bedtime.

(S) Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm Berrymore Plus Four. 1.30 Sport On 2 including Cricket: Cornhill Insurance First Test, England v India plus the Britannic Assurance County Championship matches; Racing from Epsom; Athletics (TSB Women's AAA's National Championships); Golf (Dunhill British Masters); Cycling (The Milk Race Finish); Tennis (The French Open Championship) plus news from the Kentish Times Open); World Cup Football. 6.00 Brian Matthew presents Two's Best. 7.00 World Cup Special: Northern Ireland v Spain. 8.50 Radio 2 Festival of Music (S). 10.05 Martin Kelner (S). 12.05 am Night Owls with Dave Gelly (S). 1.00 Jean Challis presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.20 Vienna Symphony Orchestra, part 1 (S). 12.05 pm This Sporting Life. 12.10 Concert, part 2 (S). 1.00 News. 1.05 Martin Roscoe, piano recital (S). 2.00 Haydn and Mendelssohn (S). 3.00 English Chamber Orchestra. 4.30 Eastman Wind Ensemble (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for Organ (S). 7.15 The Siege of Fort Bathtub (short story). 7.30 Bath International Festival 1986, Piano recital by Peter Donohoe (live relay), part 1: Debussy, Prokofiev. 8.15 Inescapable Attractions (Prose and verse about the city of Bristol). 8.35 Recital, part 2: Nicholas Maw, Rachmaninov. 9.45 Unmasked and Unmasked, Oskar Kokoschka, the boy and his myth, assessed by Frank Whitford. 10.30 Heinz Holliger, recitals featuring the oboist in repertoire by Cannabich, Albinoni and Hertel (S). 11.00 Continental Cabaret Chamber (S). 11.30 Cypresses: Eight of Dvorak's pieces for string quartet. 11.57-12.00 News.

Medium wave as above except 10.55 am-6.25 pm Test Match Special England v India—commentary on the third day's play in the First Test at Lord's.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 A Week in Westminster with Peter Riddell, Political Editor of The Financial Times. 10.30 Loose Ends with Ned Sherrin and studio guests. 11.30 From Our Own Correspondent. 12.00 News: Money Box. 12.27 pm The News Quiz (S). 12.55 Weather. 1.00 News. 1.10 Any Questions. 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.30 News; Travel; International Assignment. 4.00 The Saturday Feature: The Choral.
4.45 Feedback (Christopher Dunkley follows up listeners' comments on the BBC). 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports round-up. 6.25 Stop The Week with Robert Robinson (S). 7.00 Saturday Night-Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Soundings. 11.00 Science Now. 11.30 The Cabaret Upstairs (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Knock Knock. 9.30 This Is The Day. 10.00 Asian Magazine. 10.30 Switch on to English. 10.55 Hopefully This Video . . . 11.20 Micro File. 11.45 The Learning Machine. 12.10 pm Family History. 12.35 Farming. 12.58 Weather News for farmers. 1.00 This Week Next Week. 2.00 Eastenders. 3.00 Film: "Odd Man Out" starring James Mason with Kathleen Ryan, Robert Newton and Cyril Cusack. 4.50 Holiday Air 86. 5.00 News. 5.10 Praise Be! 5.45 World Cup Grandstand: Scotland v West Germany (also highlights of Belgium v Iraq). 9.00 Mastermind. 9.30 Bryan's Life. 9.15 News. 10.30 Heart of the Matter. 11.05 Rhoda.

BBC 2

1.55 pm Sunday Grandstand including Tennis (French Open Championships); Golf (Dunhill Masters) and the French Derby from Longchamps. 6.45 Foley Square. 7.15 Nature Special. 8.15 The World About Us: Amazon Odyssey. 9.05 Golf (Dunhill British Masters highlights). 9.30 Timewatch: "The Road to War." 10.30-12.05 am Film: "The Grey Fox."

CHANNEL 4

1.05 pm Irish Angle presents Patterns. 1.30 The Making of Britain. 2.00 The Hoarder. 12.35 "Hold Back the Dawn" (Charles Boyer stars with Olivia de Havilland and Paulette Goddard). 4.45 Durrell in Russia. 5.15 News Summary followed by The Business Programme. 6.00 International Dressage from Goodwood. 7.00 No Comment.
7.15 The Fancy. 8.15 People to People presents Street Warriors. 9.15 Country Matters. †10.15 "Thunder Rock" starring Michael Redgrave with Barbara Mullen, James Mason and Lilli Palmer. †12.15 am "Words for Battle."

S4C WALES

1.45 pm Feature Film: "Othello" starring Laurence Olivier with Maggie Smith, Joyce Redman, Frank Finlay, Derek Jacobi and Robert Lang. 4.45 Arwyddion Ffydd. 5.15 The Business Programme. 6.00 International Dressage from Goodwood. 7.00 Le Cloche. 7.20 Newyddion. 7.30 Margaret Williams. 8.10 Yr etifeddiaeth wyllt. 8.40 Dechrau canu, dechrau canmol. 9.10 Campwriaeth corawl. 10.05 What A Way to Run a Revolution!

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Woody and Friends. 9.45 Roger Ramjet. 10.00 Morning Worship. 11.00 Link. 11.30 Live and Learn. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Small Wonder. 2.00 The Human Factor. 2.30 LWT News Headlines followed by World Cup 86 Sports Special. 4.30 The Campbells. 5.00 Albion Market.
6.00 Now You See It. 6.30 News. 6.40 Appeal. 6.45 Highway. 7.15 Winner Takes All. 7.45 Murder, Mystery, Suspense: Agatha Christie's "Thirteen at Dinner," starring Peter Ustinov and Faye Dunaway. 9.30 News. 9.45 Love and Marriage. 10.45 LWT News Headlines followed by World Cup 86 (Uruguay v Denmark). 1.00 am Night Thoughts.

IBA Regions as London except at the following times:

ANGLIA

9.30 am At Home. 1.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Today. 4.30 Candid Camera. 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market. 1.00 am World Cup Fever.

BORDER

9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Farming Outlook. 5.00 Scotsport Special. 6.00 Albion Market.

CENTRAL

9.25 am Wattoo, Wattoo. 9.30 Jayce and the Wheeled Warriors. 1.00 pm The Adventurer. 1.30 Gardening Time. 4.30 The Fall Guy. 5.25 Foghorn Leghorn. 5.30 The Campbells. 6.00 Albion Market. 1.00 am Closedown followed by Central Jobfinder (programme with the latest job vacancies).

CHANNEL

9.25 am Today's Weather. 9.26 Starting Point. 9.30 Les Francais Chez Vous. 1.00 pm That's Gardening. 1.30 Walk on the Northside. 1.45 Report African Aid.

George Hoggarth in The Fancy: C4, 7.15 pm

GRAMPIAN

9.25 am Max, the 2000 Year Old Mouse. 9.35 Sesame Street. 10.30 Fireball XL5. 1.00 pm Farming Outlook. 5.00 Scotsport Special. 6.00 Albion Market. 1.00 am Reflections.

GRANADA

9.25 am Max the 2000-Year-Old Mouse. 9.35 California Highways. 11.00 Live and Learn. 11.25 Aap Kaa Hak. 11.30 This is Your Right. 1.00 Sunday Matinee: "The Navy Lark" starring Cecil Parker and Ronald Shiner. 4.30 The Human Factor. 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market.

HTV

9.25 am Max the 2000 Year Old Mouse. 9.35 Robostory. 1.00 pm Gardening Time. 1.30 Farming Wales followed by Weather for Farmers. 4.30 Survival. 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market. 6.35 HTV News.

SCOTTISH

9.25 am Foo Foo. 9.30 Farming Outlook. 10.30 The Human Factor. 1.00 pm The Glen Michael Cavalcade. 2.00 Talkback. 4.30 The Campbells. 5.00 World Cup Scotsport Special. 6.00 Albion Market. 1.00 am Late Call.

TSW

9.25 am Link followed by South West Link. 11.25 Look and See. 11.30 The South West Week. 1.00 pm Gardens For All. 1.30 Farming News. 4.30 Survival. 4.57 Gus Honeybun's Magic Birthdays. 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market. 1.00 am Postscript Postbag.

TVS

9.25 am Action Line. 9.35 Cartoon Compilation. 1.00 pm Agenda. 1.30 Enterprise South. 1.00 am Company.

TYNE TEES

9.25 am Morning Worship. 10.25 The Pearl Assurance Great North Run. 10.35 Live and Learn. 1.25 The Pearl Assurance Great North Run. 1.00 pm Farming Outlook. 5.00 Otherworld. 6.00 Albion Market. 1.00 am Epilogue.

ULSTER

10.40 am Advice with Anne Hailes. 12.59 pm Lunchtime News. 1.00 The Pride Factor. 1.28 Farming Weather. 1.30 Gardening Time. 4.30 Survival. 5.00 The Campbells. 5.30 The Prize Winners. 6.00 Albion Market. 6.30 Ulster News. 6.43 Ulster News. 12.55 am Sports Results. 1.00 News at Bedtime.

(S) Stereo on VHF

BBC RADIO 2

7.30 am Martin Stanford says Good Morning Sunday (S). 9.05 Melodies For You (S). 11.00 Desmond Carrington with your Radio 2 All-Time Greats. 2.00 pm Stuart Hall's Sunday Sport (medium wave only). 2.00 Could in The Act (S). 3.00 Alan Dell with Sounds Easy (S). 4.00 Jazz Classics in Stereo (S). 4.30 Sing Something Simple (S). 7.00 World Cup Special: Scotland v West Germany. 9.00 Sunday Half-hour. 9.30 Your Hundred Best Tunes introduced by Alan Keith. 10.30 Jazz Score. 11.00 Sounds of Jazz with Peter Clayton (stereo from midnight). 1.00 am Jean Challis presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3

7.00 am News. 7.05 Occasional Mozart (S). 8.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 Steiner Sonata piano recital (S). 12.15 pm BBC Philharmonic Orchestra (S). 1.20 French Music for Piano and Wind (S). 2.30 "Acante et Cephise, ou le Sympathie": pastorale-heroique by Rameau with Jean-Claude Orliac and Anne-Marie Rodde in the title roles. Act 1 (S). 3.35 Open Air Sitting Rooms. 3.45 "Acante et Cephise," Acts 2 and 3 (S). (4.25-4.30 Interval Reading). 5.15 New Premieres. 6.00 Liszt and his Piano, Janina Fialkowska plays the Transcendental Studies (S). (6.30-6.35 Interval Reading). 7.15 Phillip Jones Brass Ensemble from the Queen Elizabeth Hall, London, part 1: Bach and Christopher Mowat, Rautavaara (S). 8.00 A Musical Friend. 8.20 Concert, Mussorgsky arr Howarth (Pictures from an Exhibition) (S). 9.10 Delme String Quartet (S). 10.05 Lennox for our Time (S). 11.00 Sterndale Bennett (S). 11.57-12.00 News.

BBC RADIO 4

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Harry Secombe talks, for the Week's Good Cause, about the British Diabetic Association. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter From America by Alistair Cooke. 9.30 Morning Service from the Blackpool Chapel. 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 The Afternoon Play (S). 4.30 The Natural History Programme. 5.00 News; Travel. 5.05 Down Your Way visits the village of Earsing in Suffolk. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Weekend Woman's Hour. 7.00 The Man Who Was Thursday. 9.58 Weather; Travel. 10.00 News. 10.15 The Sunday Feature: In Two Worlds. 11.00 Seeds of Faith (S). 11.15 In Committee. 12.00-12.15 News.